

Board of County Commissioners

Leon County, Florida

Workshop on a Proposed Private Business Accelerator Program

January 23, 2007
12:00pm-1:30pm

Leon County Board of County Commission Chambers
Leon County Courthouse, 5th Floor

Board of County Commissioners

Workshop Item

Date of Meeting: January 23, 2007

Date Submitted: January 17, 2007

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator **PA**
Vincent S. Long, Deputy County Administrator *VL*
Shington Lamy, Special Projects Coordinator

Subject: Workshop on a Proposed Private Business Accelerator Program to Stimulate Local Business Development in Leon County.

Statement of Issue:

This workshop item serves as the final report of the Business Accelerator Oversight Committee (Committee) to the Board on a proposed private, business accelerator program to stimulate local business development in Leon County. The item seeks Board acceptance of the report as well as approval of a \$725,000 economic development grant to the program and additional funding during the subsequent budget cycle.

Background:

During the past decade, the Board of County Commissioners has maintained a strong focus on expanding local economic development in Leon County. This focus has included significant financial contributions to the Tallahassee-Leon County Economic Development Council (EDC), the creation of a state-backed enterprise zone and other tax incentive programs for local businesses. Most recently, the Board held a Workshop on Local Economic Development Issues on March 28, 2006, to identify new opportunities to further expand local business growth (Attachment #1).

During their March 28, 2006 workshop, the Board took a series of actions that focused on expanding local economic development. For example, in order to further enhance County procurement participation by local small businesses, the Board formed the Small Business Enterprise (SBE) Program and authorized \$300,000 toward program creation. This included funding for contracting with the FAMU Small Business Development Center for the training of qualifying local businesses. The Board also contributed \$100,000 to the First Focus Partnership, a consortium of local economic development partners, to provide workforce training, grant writing, business plan consulting and other economic development activities to local businesses. A \$300,000 economic development grant was also awarded to Capital Circle Commerce Park for business development efforts at their site.

Significantly, the Board also established a Business Accelerator Oversight Committee (Committee) to develop a new private business accelerator program focused on expanding growth in targeted local

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businesses. The Committee was directed to complete their work and report back to the Board within 180 days with a formal proposal for such a private program. At that time, the Board earmarked \$700,000 for potential future appropriation to such a business accelerator program, as well as authorized the County Administrator to expend \$150,000 to hire professional services toward the creation of such a program during the program development process (Attachment #2).

In addition, during their retreat the Board identified economic development as its highest priority for 2007 (Attachment #3). Specially, programs such as the one presented in this item was identified to enhance local economic development and growth.

This workshop item serves as the Committee's final report to the Board regarding the creation of a new private business accelerator program, "Vision 2020," and requests Board approval of a \$1 million economic development grant for this new program.

Analysis:

Overview of Recent Board Efforts to Support Local Business Development in Leon County:

Since 1995, the County has provided over \$1.8 million in funding to the Tallahassee-Leon County Economic Development Council (EDC) to foster the creation of high-wage jobs in our region. The EDC has done this by marketing our community's strengths nationwide, by targeting high-performing and high-tech industries as well as assisting existing business development in the area. The County has budgeted \$199,500 for future funding of the EDC during the current fiscal year.

At the direction of the Board in 2002, Leon County led the legislative and application efforts to establish the Leon County-Tallahassee Enterprise Zone (EZ) to stimulate economic development in underdeveloped areas in our community. The EZ is a 20 square mile area across Leon County that offers significant state-based tax incentives to property and business owners within the EZ boundaries who renovate their homes, create jobs, and expand their businesses. According to a recent Enterprise Zone Development Agency report (the EZ's governing body that was created by the Board) the EZ stimulated the creation of 122 jobs last year, drawing nearly \$1.1 million in state tax incentives to the County.

The Targeted Business Pilot Program (TBPP) was created jointly between the County and the City of Tallahassee (City) in 2001 to attract high wage, targeted businesses to the community. The TBPP provides for the reimbursement of up to 100% of development (permit) fees and ad valorem taxes (capped at the City's millage rate) to qualifying local businesses that locate in designated economic growth areas and meet job creation goals. Since 2003, the Fringe Benefits Management Company (FBMC) has qualified for up to 60% ad valorem tax reimbursement for creating 268 targeted jobs, building a \$5 million new office complex and other program criteria. FBMC's annual reimbursement of approximately \$25,000 is split evenly between the City and County and will continue through 2008.

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The County has partnered with the State of Florida to offer Qualified Target Industry (QTI) tax incentives to qualifying companies that create high-wage jobs in targeted, value-added industries. During the past two years, the Board has approved three QTI applications for Southeast Corporate Federal Credit Union, Danfoss Turbocor Compressors and DayJet Corporation. The County's total contribution for these three companies of \$152,000 has leveraged an equal match from the City and over \$1.4 million in state incentive funds.

Business Accelerator Oversight Committee:

The Business Accelerator Oversight Committee (Committee) was formed by the Board during their workshop on local economic development to further analyze the opportunities to stimulate local business growth in Leon County, including the potential creation of a new business accelerator program. The Committee was comprised of 9 members appointed by the Board, each a distinguished leader from the local business, higher education and economic development communities:

Rick Kearney, CEO, Mainline Inc. (Committee Chairman)
Bryan Desloge, CEO, Desloge Home Oxygen, Inc.
Mike Sheridan, CEO, Fringe Benefits Management Company
Dr. Kirby Kemper, Vice President for Research, FSU
Dr. Jerry Osteryoung, Director, Jim Moran Small Business Center, FSU
Dr. Rose Glee, Director, Office of Technology Transfer, FAMU
Rob Nixon, Director, Small Business Development Center, FAMU
Dr. Bill Law, President of TCC and Chairman of the EDC
Parwez Alam, Leon County Administrator

During the past six months, the Committee has held six meetings to identify opportunities and formulate a program that would assist in the growth of local businesses and targeted industries. The Committee focused early on creating a private business accelerator program to stimulate business growth and development in Leon County. The Committee envisioned a program that would have the capability to serve as a bridge for the emerging research segment of our higher education institutions and as a critical outlet for transmitting those new ideas to the market. The concept also called for the creation of a "one stop" private resource whereby a new to emerging business could seek capital funding, business mentoring, networking, technological, business planning and other related services under mutually beneficial fiscal and management terms. As detailed in the attached summary meeting minutes, the Committee worked quickly on the following key actions toward the establishment of the business accelerator (Attachment #4):

- Review/refinement of business accelerator/venture capital fund concept,
- Review of existing market potential in Leon County,
- Selection of professional and legal consulting services,
- Strategic planning for accelerator fund creation including business plan development,
- Formal creation of business accelerator fund: "Vision 20/20,"

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- Selection of an Executive Director for the accelerator,
- Preparation for presentation to the Board and roll-out to the community.

As noted above, the Committee recommended the hiring of the law firm of Klehr, Harrison, Harvey, Branzburg, and Ellers, LLP (Klehr Harrison) of Philadelphia, PA to provide legal and consultation services and assist in work process to create the new business accelerator. This recommendation was made, and Klehr Harrison was retained by the County, after a thorough nationwide due diligence review process was conducted by staff to analyze those law firms and consultants with significant experience in forming successful private accelerator programs and venture capital funds, including those that gained initial public "seed" funding. Klehr Harrison had the most extensive experience in forming such funds from those similar to the unique one sought by the Committee to very large venture capital funds with assets in the hundreds of millions of dollars.

As further detailed in the attached contract with the County, Klehr Harrison's primary contractual duties, to date, have been to develop the structure of the accelerator, draft the private placement memorandum (or prospectus) of the fund, formally establish the fund, and begin the drafting of the accelerator's operating agreement. As the fund continues to develop, Klehr Harrison will remain retained to draft all relevant operating documents, in accordance with appropriate regulatory agency standards, negotiate funding agreements with fund investors as well as negotiate agreements with prospective start up or early stage development businesses in which the Accelerator may invest in during the next few years (Attachment #5).

Overview of Private Business Accelerator Programs and Venture Capital Funds:

The private "business accelerator" program concept that has been advocated by the Committee is essentially structured as a venture capital fund (these terms are used interchangeably throughout this agenda item). According to the National Venture Capital Association (NVCA), venture capital funds (funds) are well organized limited partnerships that invest into new and rapidly growing businesses. These partnerships receive capital from individuals who invest into the funds. The funds then invest, primarily, into early stage companies in return for an equity stake in the early companies. These funds also assist significantly in the development of new products and services and add tremendous value to the early stage companies through active business planning and mentoring.

The most common form of fund is a limited partnership in which a pool of investors commits capital to the fund. The investment preference of a fund can be broad-based in regard to which sector or industry segments their investments are made, such as in the research and technology sectors. Venture capital funds are typically organized for a fixed life term of up to ten years. Those who invest in venture capital funds are normally "accredited investors," and have an annual income of at least \$200,000 with \$1 million in net assets or at least \$3 million in total assets with no annual income requirement. Such accredited investors are usually familiar with the long term commitment that must be made with providing capital to such types of funds. It is common in the industry for the

return on investment to take several years.

During its lifespan, the venture capital fund goes through various stages of operation. These stages normally graduate from fundraising to investment to an exit strategy whereby the return on investment is gained. The stages detailed in the following paragraphs will be undertaken by the Vision 2020 fund.

One of the first critical processes undertaken by the fund, during which investment commitments are sought, is *fund raising*. This process takes place during the formation of the fund itself and during its first year. A target size for capital is usually set as the maximum amount for which the fund wishes to raise. Once the target size is met then the fund is closed to further investment from new investors. The typical investor of a venture capital fund includes endowment funds, foundations, wealthy individuals, and corporations. Normally, not all of the funding committed by investors to the fund is required up front. In many cases, investors will "put down" a small percentage of their total commitment up front. The remainder of their funding commitments will be "called" by the venture capital fund at future period during which the capital raised will be used to invest into companies.

Commonly, venture capital funds will consider up to several hundreds of investment opportunities throughout the region by businesses seeking access to the capital and business services of the fund. The management of the fund will normally perform a thorough due diligence review process on many of those businesses and forward a select few to the fund's Board of Directors for final review. Based on the will of the Board of Directors, the fund will then negotiate with and then invest in a very few companies with the potential for a high rate of return on investment and general success of the investment companies. The investment period into these companies is normally between three to seven years. During the investment period, the venture capital funds foster growth in companies through involvement in their management, strategic marketing, and planning. The companies in the venture fund's portfolio usually receive mentorship as well as services such as legal and accounting assistance at below market value in return for the fund's ownership stake in the company.

The "Exit Stage" is the process through which the venture capital fund seeks to end their investment in a portfolio company. The exit stage generally occurs three to five years after the initial investment into a company. The exit stage commonly occurs in the form of an initial public offering (IPO) of the portfolio company or through mergers and acquisitions of the portfolio company. For many years venture capitalists and business accelerators have nurtured the growth of America's high technology and entrepreneurial communities resulting in significant job creation and economic growth. Companies such as Intel, Google and YouTube.Com have received financial and strategic assistance from venture capital funds and business accelerators. Successful venture capital funds provide emerging companies with the access to capital and other business resources they require to achieve greater success while also providing a network of accredited investors the opportunity to gain a solid return on their investment and generating positive economic development in their region.

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Comparison of Venture Funds and Business Incubators

Like ventures funds, business incubators offer assistance to early stage companies by providing business support, resources, and mentoring services. They also connect early stage companies to preferred services such as accounting, legal, and managerial assistance. Business incubators are distinct from venture capital funds because they often provide office space to early stage businesses as well as furnishing, telecommunication equipment and laboratory space. A large number of business incubators offer these spaces below market value. In addition, unlike venture funds, the majority of business incubators are not-for-profit and do not obtain any form of equity in companies housed in their facilities. There are very few incubators that assist early stage companies in the form of financial capital identical to venture funds.

Currently, the Leon County Research and Development Authority (LCRDA) and the Florida A&M University Small Business Development Center has been working together to establish a business incubator at Innovation Park. The business incubator provides access to training, counseling, facilities, and other services to young companies. An orientation meeting has been held with several prospects for the program and the business incubator recently accepted their first tenant, Ubiquitous Technologies Inc. Further information on the business incubator at Innovation Park will be provided at a later workshop.

Executive Director Selected for the Business Accelerator Fund:

Generally, venture capital funds are either managed by a professional director or by the fund's board of directors. After a critical review of industry standards, similar funds nationwide and a review of the objectives for the Leon County Accelerator, the Committee determined that an executive director should be hired. The Committee worked closely with venture capital fund associations, the local business community and Klehr Harrison to draft a position description for the executive director and to advertise for this position.

In summary, the director of the fund will oversee all fund operations, will lead the fundraising efforts for investors, will seek investment opportunities across the community, liaise with the higher education research entities, perform due diligence reviews of businesses and make recommendations for funding opportunities. The qualifications for the position included a Master's Degree in Business Administration and experience in corporate fundraising.

Following a deliberate search and due diligence review process, the Committee selected Christopher Campbell of Tallahassee to serve in the position of executive director. Mr. Campbell holds a Bachelor of Science degree in Business Administration from the University of North Carolina at Chapel Hill as well as an MBA from The Florida State University. He is a former executive of AT&T/Bellsouth, Corning Glass International, and Deltacom, has managed numerous investment portfolios in a number of industries and has led fundraising for the FSU Foundation (Attachment #6).

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"Vision 2020," LLC Formally Established in Leon County:

The Committee worked diligently toward the creation of the business accelerator. On July 6, 2006, a subgroup of the Committee met for the purpose of determining, at a high level, what the main components of the fund would be once established. The following are highlights of some of the fund's key attributes (Attachment #7):

- Professional Fund Manager,
- Private Board of Directors,
- Total Investment Target of \$5 Million,
- Minimum Investment Contribution of \$10,000 by "Accredited Investors,"
- Focus on Targeted Industries within 150 Miles of Tallahassee,
- Maximum Investment of \$500,000 into any one company,
- Become a Critical Player/Partner in Local Business Development Activities,
- Seek win/win, whereby return on investments and local business development occurs.

On September 22, 2006, the Committee authorized the creation of "Vision 2020, LLC." Immediately thereafter, the official papers creating this fund were filed by Klehr Harrison. The fund was established independently from the County and will operate under the leadership of a private board of directors. The initial board of directors of Vision 2020 is comprised of the members of the Business Accelerator Oversight Committee with the exception of the County Administrator and (with his recent election) Commissioner Desloge. The fund's executive director, Mr. Campbell, will also serve on the board of directors. Over the next few years, as additional investors join the fund, the Board of Directors will transition from the Committee members to those individuals who are top investors into the fund. It is anticipated that some of the Committee members may likely become investors and therefore retain their status on the Vision 2020 Board.

Vision 2020 is distinct from other economic development programs. The accelerator program will target early stage businesses in our community that not only seek assistance with preferred services (accounting, legal, managerial services, etc.) but also are also need of financial assistance. The majority of financial incentives currently provided in Leon County are focused towards established local businesses. Vision 2020 provides a much needed source of capital to early stage companies that are attempting to introduce a new product or service into the market. In addition it Vision 2020 affords local investors the opportunity to invest in new technology being created in the local research community.

Significantly, Vision 2020 has established an office at Summit East and has commenced fund operations in earnest. In addition to filing all required paperwork at the state and federal level, fund management is now actively beginning the year long process of fundraising toward the target of \$5 million. The Executive Director also reports that companies and new local businesses interested in partnering with the fund have already begun contacting accelerator management. Vision 2020 plans to invest into businesses once \$2 million of the fundraising target has been met. Vision 2020 will

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submit quarterly reports to the Board outlining the progress that has been made in accomplishing the overall goals of the program.

Vision 2020 Wholly Independent from Leon County:

As previously stated, Vision 2020 has been established as a private venture capital fund. On February 16, 2006, a memo was distributed by the County Attorney's office regarding the County's potential role in a private business accelerator. Significantly, the County Attorney's office opined that under Florida law the County could expend public funding to attract and retain businesses and generally move toward economic development goals. However, the County can NOT, under the state constitution, become a joint owner or stockholder in any corporation, association, or partnership. It is for this reason that an "arms length" relationship has been closely adhered to during the formative process of the accelerator. For example, this state limitation is the foundation for the County Administrator's non-inclusion in the initial board of directors of Vision 2020. In addition, the Committee agreed that the Vision 2020 initial board would not be comprised of public sector officials and employees. This would include elected officials and staff of the County (Attachment #8).

Request for Economic Development Grant to Vision 2020:

The Committee is requesting that the Board of County Commissioners accept the final report of the Committee regarding the establishment of a new, private business accelerator program (Vision 2020) in Leon County. Simultaneously, the Committee also requests that the Board authorize the expenditure of a \$1 million economic development grant to Vision 2020, LLC, for the purpose of targeted reinvestment into emerging local businesses over the next several years. As the Board may recall, \$700,000 was budgeted during FY 05/06 and carried forward for the purpose of granting funds for a business accelerator program. The disbursement of additional funding to the program during the current fiscal year would require the depletion of the general contingency fund and shifting funds from other budgeted accounts. For this reason, staff recommends that additional funding be allocated during the next following budget cycle as a line item funding in the amount of \$300,000. In addition, staff recommends that the remaining funds authorized for utilization to the County Administrator in the amount of \$25,000 be granted to Vision 2020. Such economic development grant approval would be documented as part of the agenda item ratifying the Board's action taken at this workshop.

The grant contributed by the County would be used to capitalize on initial start-up and operation of the business accelerator in order to spur economic growth through job creation, high return on investment, and other measures through the investment in local businesses. The fund has begun the fundraising process and expects to raise the investment target of \$5 million dollars within the next 12-18 months. As previously stated Vision 2020 will provide quarterly reports to Board outlining the progress of the program. These quarterly reports are expected to include financial statements, statement of financial commitments to date, investment opportunities that have been presented and

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business enablement activities that have been established to assist businesses. The Board will receive quarterly reports throughout the life of the fund.

Options:

1. Accept the final report of the Business Accelerator Oversight Committee
2. Authorize the Chairman to execute an economic development grant in the amount of \$725,000 to Vision 2020 LLC
3. Direct staff to include a \$300,000 line item funding to Vision 2020 LLC for Board consideration during the 07/08 budget cycle
4. Do not accept the final report of the Business Accelerator Oversight Committee
5. Do not authorize the Chairman to execute an economic development grant in the amount of \$725,000 to Vision 2020 LLC
6. Do not direct staff to include a \$300,000 line item funding to Vision 2020 for Board consideration during the 07/08 budget cycle
7. Board Direction

Recommendation:

Options #1, #2 and #3

Attachments:

1. March 28, 2006, Workshop Item on Local Economic Development Issues.
2. April 11, 2006, Agenda Item Ratifying Board Actions taken during their on Local Economic Development Issues.
3. Leon County Board of County Commissioners 2007 Priorities
4. BAOC Meeting Minutes from Seven Meetings during 2006.
5. Klehr Harrison Contract for Legal Services.
6. Mr. Christopher Campbell's Resume.
7. July 6, 2006, Subgroup Recommendations to the Committee Regarding Fund Structure.
8. Memorandum from County Attorney's Office regarding County's legal authority to fund a business accelerator program.

Board of County Commissioners Workshop Item

Date of Meeting: March 28, 2006
Date Submitted: March 22, 2006
To: Honorable Chairman and Members of the Board
From: Parwez Alam, County Administrator
Vincent Long, Assistant County Administrator
Kim Dressel, Management Services Director
Benjamin H. Pingree, Assistant to the County Administrator
Subject: Workshop on Local Economic Development Issues

Statement of Issue:

This workshop item presents the Board with additional information regarding program alternatives available to further expand local economic development and also requests Board direction regarding the appropriation of \$1.605 million for this purpose.

Background:

Beginning on June 2, 2005, the County collaborated with the City and Innovation Park in support of an EDC proposal to relocate Danfoss Turbocor Compressors, Inc. to Leon County. On November 8, 2005, the Board approved a budget amendment appropriating \$1.605 million in direct (cash) incentives for the company's relocation and creation of 150 jobs. During their December 13, 2005 meeting, the Board, for the first time, considered Turbocor's detailed financial information and decided not to participate in providing the company with \$1.6 M in cash incentives. However, it is important to note that Turbocor will receive approximately \$1.6 M in incentives through county sponsored economic development programs including the County's Enterprise Zone, Qualified Targeted Industry (QTI) and Targeted Business Pilot Program (TBPP). As a policy decision on December 13, 2005, the Board reaffirmed their commitment to local economic development by maintaining the \$1.605 M in the FY 05/06 budget and directing staff to develop a program to grow, retain, expand and diversify local businesses, inclusive of a Small Business Enterprise program.

On January 24, 2006, the Board scheduled a workshop for economic development issues to focus on local business development measures. The Board directed that the workshop should include a review of alternatives to appropriate the previously budgeted \$1.605 million. At that time, the Board also directed that a review of potential funding for the proposed Trauma Center at Tallahassee Memorial Hospital also be included in the workshop. On February 14, 2006, the Board directed that a \$600,000 funding request from Mr. Terry Fregly to develop a new building for the Freightliner Corporation at the Capital Circle Commerce Park (CCCP) also be included in this workshop item.

The Analysis Section, below, presents the Board with additional information regarding the specific

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economic development issues identified above, including the creation of a County SBE program, funding for a Trauma Center at TMH, funding for expanding CCCP and program alternatives to expand local businesses. Also included is additional information on existing Board economic development initiatives including the Enterprise Zone, the City/County Targeted Business Pilot Program and the County's local match for the state's Qualified Targeted Industry (QTI) Program.

Analysis:

WORKGROUP ON LOCAL ECONOMIC DEVELOPMENT REVIEWS POLICY OPTIONS:

On January 11, 2006, the County Administrator convened the first of a series of four workgroup meetings with local business leaders as an open forum to discuss the key issues related to growing local businesses and to identify policy options available to the Board. The "Workgroup on Local Economic Development" (ED Workgoup) meeting participants included (Attachment #1):

Rick Kearney	Dr. Bill Law	Ed Murray	Kim Williams
Mike Sheridan	John Lewis	Chuck Mitchell	Bryan Desloge
Cliff Hinkle	Tom Barron	Dr. Kirby Kemper	Dr. Jerry Osteryoung

The ED Workgroup's initial finding was that the County's existing programs for economic development were very beneficial and had enormous potential for growing local businesses, but were not as well known. Participants suggested that the County should work to increase community awareness of these available programs. The ED Workgroup recommended that the County continue to grow local businesses through the existing County programs, such as the Targeted Business Pilot Program and the Enterprise Zone (detailed further in separate analysis sections, below).

Initial ED Workgroup discussion also centered upon ongoing efforts to further expedite the County's permitting process. The consensus was that an improved and expedited permitting process would directly result in improved economic development outcomes for growing local, and even relocating, businesses. David McDevitt, GEM Director, presented a status report regarding the County's ongoing efforts to improve the permitting process. The ED Workgroup accepted the update and acknowledged that the permitting issue would be presented, in its entirety, to the Board at a separate workshop on April 11th for further Board action. As a result, extended discussion on permitting process improvements was curtailed in order to focus on policy options more directly related to the Board's pending appropriation of their one-time economic development funding of \$1.605 million.

PRIVATE BUSINESS ACCELERATOR CONCEPT SUPPORTED BY BUSINESS LEADERS:

During their first two meetings, the ED Workgroup agreed that the County could better leverage their \$1.605 million in funding for economic development by investing in a broad range of local businesses. Additionally, they agreed that it was appropriate for the County to primarily focus their economic development efforts on growing local businesses. Significantly, one option identified early during the review process by Rick Kearney, CEO of Mainline, and reviewed thoroughly by the ED Workgroup is the option to create a private business accelerator in Leon County. This "Accelerator" concept, which has gained momentum during recent months amongst private sector leaders, is comprised of the following key elements:

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- Diverse coalition of local business leaders and private investors that join as a corporation or limited partnership to accelerate the growth of local companies which they "invest" in.
- Partners would gain equity in the Accelerator by offering their services (mentoring, legal, accounting, marketing or technical), assets (land or office space) or by gaining direct funding (seed cash) from investors to earn a proportional share of ownership in the Accelerator.
- The Accelerator would, in turn, utilize these collective resources to invest in a limited number of (approximately five to ten) targeted, emerging local companies.
- The Accelerator would utilize their combined resources to invest in each company. Profit would be earned by the Accelerator through their stockholding in the companies over time as they mature. Alternatively, companies could be required to pay the Accelerator a small percentage of the additive revenue growth, above their historical average growth rate, for a defined timeframe in which they participate in the Accelerator's program.
- Companies could also be required to pay an up-front entry fee (approximately \$10K-\$25K) to participate in the Accelerator.
- Investment companies that participate in the Accelerator would repay their debt, plus interest over time. As a result, these revenues would provide additional money to the Accelerator for further investment in the next group of emerging local companies.
- The Accelerator, led by its key principal partners, would hire a professional manager to run the corporation and manage its investment portfolio. The manager would have to prove the "return on investment" to the Accelerator's Board of Directors and other key investors.

The proposed Accelerator would be fully "arms length" from the County and would be operated independently. The County's initial investment to the Accelerator could be provided either as a grant or through a contractual agreement once the private accelerator partnership is created. The following analysis sections provide additional information on successful business "accelerator" or incubator programs both nationwide and in Florida. Of note, other Florida local governments have already approved public grants toward incubator/accelerator programs. Further analysis on the Board's legal authority to fund the Accelerator as well as a proposed action plan for its creation is also included.

Overview of Business Accelerator and Incubator Programs:

As defined by the National Business Incubation Association (NBIA), a business incubator is created to nurture the development of entrepreneurial companies from start up to expanded profitability. To do this, an incubator (an industry term commonly used interchangeably with "accelerator") provides client companies with business support, resources, and mentoring services with a general objective of enhancing their community's overall business growth, diversifying the local economy and growing top-quality local jobs (Attachment #2).

According to the NBIA, there are approximately 1,100 incubators in North America, up from 12 in 1980. 25% of incubators are sponsored by an academic institution while 16% are sponsored by a governmental entity. NBIA research estimates that every \$1 of public investment to an incubator generates \$30 to \$45 in tax revenues. Significantly, 10% of North America's incubator/accelerators are for-profit entities established to obtain returns on shareholder investment. Increasingly, private equity funding has been attracted toward this market as investors have attempted to blend together with entrepreneurs toward the common objective of sustainable business growth (Attachment #3).

Review of "Top Performing" Accelerator Programs - Nationwide:

This section presents information on six (6) accelerator programs identified by industry leaders as "top performers." Each accelerator/incubator varies in size and organizational structure. However, this information offers a snapshot of the key components that comprise industry leading incubators. Please note the similarities between these incubators and the resources that exist in Leon County. For example, a majority of top-performing accelerators are aligned with "research" universities and focus on tech-based companies. Also, many have a mix of government and local business support.

Information regarding the following six key factors has been presented for each of the reviewed business incubator/accelerator programs as presented, below:

1. Participation of established local businesses in the accelerator/incubator program.
2. Participation of government entities in the accelerator/incubator program.
3. Financial return of accelerator companies shared with the accelerator/incubator.
4. Services offered by the accelerator/incubator program to companies.
5. Performance measures for companies participating in the accelerator/incubator.
6. The targeted industry for each accelerator/incubator program.

Name/Location	Austin Technology Incubator; Austin, TX
Contact Information	(512) 305-5000 Erin Defosse, Director http://www.ati.utexas.edu/
Overview	On-campus at the University of Texas. 45,000 sq. ft. of incubator/office space. Served 95 companies to \$700 M in generated revenues, creating 1,900 direct jobs.
Targeted Industry	Early stage technological-based companies; Companies must submit a technological based business plan, have 6 months of working capital, have a product that is less than 18 months from market introduction, demonstrate the potential to generate significant revenue within 7 years with substantial job growth.
Services Provided	Office space below market value, in-house consulting, financing referrals, marketing and public relation aid
Government Involvement	Receives funding from federal, state, and city government. The City of Austin allocated \$50,000 to ATI's wireless incubator program this year.
Local Business Contribution	Local businesses offer in-kind contributions in the form of advice, mentorship, and networking. These businesses receive no fiscal return for these contributions.
Participating Company Contribution	There are two forms of fees: Space utilization fee for those companies that locate within the incubator and a membership fee that all companies must pay. Companies participating in the incubator provide a confidential percentage of their equity to ATI. The percentage varies for each company.
How Success Is Measured	Incubator companies are evaluated by the number of employees that they have, the amount of funding they receive (grants, seed money, etc.), and the amount of revenue they generate.

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Name/Location	MGE Innovation Center; Madison, WI
Contact Information	Greg Hyer (608)441-8020 www.universityresearchpark.org
Overview	MGE is located at University of Wisconsin's University Research Park; a partnership between the Madison Gas & Electric Company and UW, the program has helped over 70 early stage companies grow since its 1989 establishment and currently serves 35 companies. 113,000 sq ft. of total space of which 50,000 feet is dedicated to 27 office and 34 laboratory suites. Office space is unfurnished, however phone and high-speed internet connections are included.
Target Industry	Science and technology based companies
Services Provided	Office space, high speed internet, laboratory suites
Government Involvement	The Center and the Research Park where it is located do not receive any county, city or state funds
Local Business Contribution	The Madison Gas & Electric Company, the local utility company, provided funding for the renovation of the Center.
Participating Company Contribution	The companies pay a rental fee at market value; no equity or royalty is expected from the companies
How Success Is Measured	MGE Innovation measures the financial growth, job creation and viability of the companies that participate.

Name/Location	First Flight Venture Center; Research Triangle Park, N.C.
Contact Information	John C. Draper, President (919)990-8558 www.nctda.org/bi/rt_incubators
Overview	The research park encompasses three counties (Durham, Orange, and Wake) and is the largest research park in the USA. The FFVC Incubator has 16,000 sq. ft. of lab and office space available for up to 25 early stage companies.
Target Industry	Early stage technology-based companies
Services Provided	Office space, wet laboratory space, assistance in securing financing, business consultation, business plan development, entrepreneurial networking
Government Involvement	The North Carolina Technological Development Authority, Inc. which manages First Flight was once part of a state agency, North Carolina Department of Commerce but has since spun off to become a public non-profit corporation.
Local Business Contribution	Local business leaders sit on the FFVC Board of Directors.
Participating Company Contribution	No additional compensation to the Center is required of participating companies above their basic lease rental fee, utilities, phone, etc.
How Success Is Measured	The amount of funding that a company is able to secure through seed money, angel contribution, grants, etc.

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Name/Location	Fort Collins Technology Incubator; Fort Collins, CO
Contact Information	Kathy Kregel, FCTI Exec. Director (970)221-1301 www.fortcollinsincubator.org
Overview	FCTI was originally established in 1998 as a virtual incubator to provide services to newly formed businesses. In 2004, the City donated a 6,500 sq. ft. building for expanded on-site incubation services.
Target Industry	Early stage tech-based companies with at least 6 months of operational capital
Services Provided	An advisory board for each company comprised of local business leaders tailored to the company's need and industry demand; strategic planning consultation. Leases are offered at 50% market rate. After reaching benchmark, FCTI places business in contact with angel-funding & venture capital firms, lenders, etc.
Government Involvement	The City of Fort Collins funds 40% of FCTI's \$100,000 operating budget, as well as the donation of a 6,500 sq. ft. building in 2004. Colorado State University provides the majority of the remaining annual operational cost.
Local Business Contribution	Local business leaders sit on the advisory boards that is afforded to each company participating in the program; local businesses provide their service at deeply discounted rates to participating incubator companies
Participating Company Contribution	Companies are not expected to pay a fee other than 50% market office space lease.
How Success Is Measured	Company success is measured by revenue generation, secured funding (seed funding, venture capitalist, etc), and the number of jobs w/ benefits it generates.

Name/Location	Fairfax County BioAccelerator; Fairfax County, VA
Contact Information	Brian Smith, Mgr. (703) 822-2920 www.fairfaxcountyeda.org/incubate_bio.htm
Overview	The BioAccelerator began in 2003, has 7,500 sq. ft. of office space and provides services to up to 12 early stage companies.
Target Industry	Early stage biotechnology, biomedical, and bioinformatics companies
Services Provided	Furnished office space, preparation of business models for new ventures and technologies, product development assistance, assistance in securing funding (angel or seed funds, government funds, institutional venture capital), access to preferred service providers in legal, accounting, finance, regulatory, human resources, real estate
Government Involvement	Fairfax County government underwrites the entire \$500,000 annual operational cost of the BioAccelerator program through providing funding to the Fairfax County Economic Development Authority for this purpose. The FCEDA is a chartered state authority, is led by a commission of seven business leaders and has satellite offices across the globe to assist in marketing and business development.
Local Business Contribution	The preferred service providers for the companies are local businesses.
Participating Company Contribution	A variable membership fee is paid by each participating company determined by market conditions.
How Success Is Measured	A company's growth in revenue and employment and staying in the county. Near term the criteria are more qualitative - viability of business concept, positive steps in securing funds, as well as securing funds.

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Name/Location	Business Technology Center of Los Angeles; LA County, CA
Contact Information	Mark Lieberman, Administrator (626)296-6300 http://www.labtc.org/
Overview	Begun in 1998, BTC is the largest technology incubator in California and is cited as a "best performer" by the NBIA. BTC has 40,000 sq. ft. of office space and aids 30 high tech tenants who have generated \$75 million in angel and venture capital.
Target Industry	Early stage high technology firms
Services Provided	Office space with "state of the art" infrastructure and amenities, a resource library, mentoring services, access to professional services, and access to a variety of financing programs offered by the County.
Government Involvement	BTC is owned and operated under the Los Angeles Community Development Commission; the director of the CDC sits on the Advisory Committee of the BTC. LA County reports that BTC is mostly self-sufficient financially. BTC Companies are also eligible for LA County's loan programs.
Local Business Contribution	The Advisory Committee and Mentoring Committee are comprised of local business leaders and government officials. Private Angel and Venture Capital investors assist in pre-screening applicant businesses.
Participating Company Contribution	Monthly fee required based on the office space and BTC services used (utilities, receptionist, technology, etc.), 1% equity of company for each year in BTC.
How Success Is Measured	The County measures the success of BTC based upon occupancy level, job creation and positive impact to regional economic development.

Florida Business Accelerator/Incubator Programs:

According to the Florida Business Incubator Association (FBIA), there are 21 incubators in the state today, most of which are south of the I-4 Corridor. Of those, staff has provided additional information on the following three (3) programs that were identified to be "top performers" by the FBIA. Significantly, each of these programs also receive local government funding.

Name/Location	University of Central Florida Technology Incubator, Orlando
Contact Information	Julie Matthews, Program Coordinator (407) 420-4888 www.incubator.ucf.edu
Overview	UCFTI is located in the Central Florida Research Park adjacent to UCF
Target Industry	Technology-based companies
Services Provided	Mentoring and advising, educational programs, marketing assistance networking opportunities, access to UCF faculty and labs, library, and support organization
Government Involvement	The City of Orlando's Economic Development Director sits on the advisory board; UCFTI also receives funding from Orange County and the City of Orlando through a two year economic stimulus package; the County's portion is \$100,000 for fiscal year 05/06 and fiscal year 06/07 in the form of grants.
Local Business Contribution	Professional services are donated by local businesses with the hope that the tenants of the incubator will continue as clients once they leave the program
Participating Company Contribution	A flexible lease fee based on fair market value.
How Success Is Measured	Revenue generated, jobs created, venture capital funding and seed money

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Name/Location	Gainesville Technology Enterprise Center; Gainesville, FL
Contact Information	Erik Bredfeldt, Gainesville ED Director (352)334-5012 www.gtecflorida.com
Overview	GTEC is an incubator program spearheaded by the Gainesville Economic Development Department. The \$2 million, 30,000 sq. ft. GTEC facility was funded through a partnership between Gainesville (10%), Alachua County (10%), and the US Department of Commerce (80%). The City of Gainesville contracts with their chamber of commerce to manage GTEC as it creates an additional "firewall" to shield proprietary information housed at the incubator.
Target Industry	Start-up technology firms
Services Provided	Assistance with business plans and strategies, education programs, introduction to early stage venture funding sources, furnished offices, dry labs
Government Involvement	GTEC receives its funding from the City of Gainesville; the city provides any "gap" funding required (not offset by rental income) to cover the operating budget for GTEC which is \$225,000/year. A range of government, university and business officials sit on the GTEC advisory board.
Local Business Contribution	Local business leaders are members of the advisory board, provide mentoring to businesses in GTEC and help screen program applicants.
Participating Company Contribution	The companies' pay rent fee at a rate near market value.
How Success Is Measured	Success is measured by the financial viability and self sufficiency of the company; company is expected to graduate 1 year after it has entered the market

Name/Location	Seminole Technology Business Incubation Center; Sem. Co., FL
Contact Information	Wayne Hardy, Incubator Manager (407)321-3495 http://www.seminoleinc.com
Overview	STBIC is a joint venture of Seminole County, Seminole Community College and the Port of Sanford. A recent report found that every \$1 government dollar directed to STBIC spurred a return of \$7.21; STBIC reports that over 1,100 jobs have been created since 1997 and that STBIC firms have generated over \$34 M.
Target Industry	Start-up technology firms, twelve are being served presently.
Services Provided	Provides office space, conference room, marketing assistance, business and fiscal consulting, access to NASA through a technology cooperative agreement.
Government Involvement	The County grants \$150,000 toward STBIC operating costs through an agreement with the community college. The Community College's Small Business Development Center runs STBIC, creating a shield for proprietary information from "the sunshine." A county commissioner sits on the STBIC advisory board.
Local Business Contribution	The STBIC advisory board includes members of companies' that graduate from the program and local business leaders provide mentoring services.
Participating Company Contribution	Businesses in the incubator are charged rent for space at fair market value and a fee secretarial and bookkeeping uses
How Success Is Measured	Business starts, jobs created, jobs retained, and Capital formed by the STBIC.

As evidenced above, each business accelerator and incubator program varies in size and function. Most of the programs detailed above have a working relationship with local business leaders who serve as mentors, advisors, and service providers to companies participating in the incubator.

Local government's fiscal support of these programs ranges from complete detachment to full program funding. The requirements for participating companies to compensate the incubator also varied across each program, ranging from membership and/or space fees to awarding a percentage of their equity to the incubator.

A majority of the accelerator/incubators contacted indicated that a feasibility study was performed prior to establishing their program to measure the economic conditions of the regional marketplace and determine if an incubator could be sustained. Leon County's ability to accommodate a new accelerator/incubator program has been reviewed peripherally in a number of economic development studies performed for both public and private entities. For example, the 2004 "Southside Economic Development Strategy" report by AngelouEconomics recommended developing a technology business center, improving the local business climate and increasing resources for entrepreneurship: all key factors related to business acceleration. The 2005 Innovation Park Assessment Report recommended that "...successful tech-based economic development in Leon County in total requires that there be a successful technology business incubation and growth program."

Private interests have also recently gauged and supported the potential for creation of a private business accelerator or venture capital entity within Leon County. Most recently, a group of investors led by Rick Kearney and Cliff Hinkle suggested that the Leon County market was ripe for such an initiative led by private investors.

Initial Review of the County's Legal Authority to Fund a Private Accelerator:

An initial legal review was conducted by the County Attorney's office regarding any potential legal concerns that may restrict the use of county funding toward a small business accelerator for the purpose of encouraging local economic development. As relayed in a memo and meeting on February 16, 2006, the Attorney opined that "Leon County may grant properly appropriated county funds to a private enterprise for the purpose of economic development." As further stated in Section 125.045, Florida Statutes "County Economic Development Powers" (Attachment #4):

"(2) The governing body of a county may expend public funds to attract and retain business enterprises, and the use of public funds toward the achievement of such economic development goals constitutes a public purpose."

And

"(3)...it constitutes a public purpose to expend public funds for economic development activities including, but not limited to, ...making grants to private enterprises for the expansion of businesses existing in the community or attraction of businesses to the community."

The County Attorney did caution, however, that the Florida Constitution prohibits counties from becoming a "joint owner with, or stockholder of...any corporation, association or partnership."

Key Community Attributes of Top-performing Business Accelerators:

Communities have increasingly created business incubators and accelerators to foster positive economic development, grow and retain local businesses. As conveyed in a 2003 joint study performed by the US Department of Commerce and the NBIA, the key "community" attributes of each successful, technology-focused business incubator, nationwide, are as follows:

- Research universities, federal labs and facilities with stocks of technology based intellectual property and an orientation toward technology transfer that emphasizes an entrepreneurial approach,
- Entrepreneurial scientists and engineers wanting to commercialize technologies through new company formation,
- Business professionals (accountants, lawyers, consultants, human resources specialists) familiar with the problems of launching a technology-based company,
- Sources of debt and equity investment – public and private – that can capitalize the early development stages of new, technology-based enterprise, and
- A concentration of existing technology companies that could be a source of experienced professionals (mentors) to emerging technology companies.

The consensus from the ED Workgroup meetings was that a majority of these components for a successful business incubator/accelerator are either in place, or are emerging, in the Leon County community and marketplace. As such, the impetus toward the creation of a private business accelerator in Leon County, with public support, appears to be gaining momentum. It also appears that the County has the sufficient legal authority to establish an "arms length" relationship with a private business accelerator corporation/partnership, whereby public funding could be granted to the private entity for economic development purposes. As evidenced in the analysis section, above, at least three other city and/or county governments in Florida have already taken action to grant such public funding to a business incubator/accelerator within their communities.

Action Plan for the Creation and Funding of a Private Business Accelerator in Leon County:

As stated above, there has been significant local interest toward the establishment of a private business accelerator partnership in advance of the Board's workshop. Additionally, staff has concluded that providing initial financial support toward the establishment of a full service private business accelerator (as opposed to county-run) will best achieve the sought-after increase in local business growth and development while concurrently limiting the County's future exposure to recurring costs for such a program. Moreover, it is apparent that supporting a private business accelerator would best tap the local private sector resources that are available but are more inclined to support, and invest in, a private business accelerator that can provide a return on their investment.

The proposed private Accelerator program is still in the conceptual stage. There is still significant legal, accounting and planning coordination and program development that must occur prior to the establishment of the Accelerator, or any granting of County funds to same, to insure the accelerator program's viability and success over the long term. Based upon the recommendation of the County's

Economic Development Workgroup that helped craft and advocate for this concept, staff proposes the following three action steps be approved by the Board (Option #2, on Page #19):

- Earmark \$1,150,000 of the County's total \$1.605 million in local economic development funding for granting to a private business accelerator.
- Establish a Business Accelerator Oversight Committee composed of the following individuals to monitor the next phase of program development (note: this Committee would only be impeaneled during the program development phase prior to their report to the Board):
 - County Administrator
 - Rick Kearney
 - Dr. Bill Law
 - Mike Sheridan
 - Cliff Hinkle
 - Kim Williams
 - Dr. Kirby Kemper
 - Dr. Jerry Osteryoung
 - Dr. Rose Glee
- Direct the Business Accelerator Oversight Committee to develop a formal proposal for the creation of a private business accelerator program, authorize the County Administrator to utilize up to \$150,000 of the total \$1.15 M earmarked funds for the Accelerator to hire consulting services for this purpose (to be matched up to \$50,000 by the EDC) and report back to the Board with their proposal within 180 days.

It is anticipated that the Oversight Committee's final proposal will include measurable target goals for the Accelerator to meet in return for the County's grant funding. Moreover, this proposal will include a comprehensive operational plan for the Accelerator, a listing of the resources the Accelerator will offer to the growing businesses it serves, its membership composition and a proposal for the generation of private funding to match the County's up-front investment. The County's earmarked funding for this purpose would remain as a placeholder for future granting to the Accelerator once it is established and after the Oversight Committee's final report to the Board.

SMALL BUSINESS ENTERPRISE (SBE) PROGRAM PROPOSAL:

The proposal to create a county Small Business Enterprise (SBE) program to further enhance procurement participation by local small businesses was first presented to the Board via budget discussion item at their June 14, 2005, budget workshop. At that time, staff was directed to return to the Board for further direction once it more fully defined its recommendations for adding a SBE component. This direction was ratified by the Board on June 28, 2005.

Subsequent to that workshop, staff has subsequently researched SBE programs and policies that have been implemented elsewhere and has met with various partners regarding development of such a program at Leon County (including Florida A&M University's Small Business Development Center (SBDC), the City of Tallahassee's M/WBE Division, and the Leon County School Board's M/WBE Division). Staff has prepared a draft SBE policy for the Board's review (Attachment #5).

Once adopted, the SBE policy would be incorporated as part of the broader Purchasing and Minority, Women and Small Business Enterprise (M/W/SBE) policy, which is anticipated to be presented to the Board in April. Some components of the SBE program (such as the application process, outreach process, etc.) are not contained in the draft SBE policy, as they are not solely specific to SBE, but are shared with the larger M/WBE program, as well. However, the most significant SBE issues are included in the draft SBE policy for the Board's review and further direction to staff.

SBE Eligibility:

The proposed eligibility criteria is consistent with SBE programs adopted elsewhere. It focuses on small, local, for-profit businesses (Attachment #6). Staff anticipates that a firm or business can be certified as a SBE and as a Minority- or Woman-owned enterprise if they meet the criteria for both programs. As this discussion focuses only on the SBE component, the proposed eligibility criteria for SBE certification follows:

1. Majority Owner(s) must reside in Leon, Gadsden, Jefferson or Wakulla County Florida.
2. Majority Owner(s) must be a United States citizen or lawfully admitted permanent resident of the United States.
3. Business must be legally structured either as a corporation, organized under the laws of Florida, or a partnership, sole proprietorship, limited liability, or any other business or professional entity.
4. Business must be Independent and not an Affiliate, Front, façade, broker, or pass through.
5. Business must be for-profit business concern.
6. Business must be currently located within the Market Area.
7. Business must have all license required by local, state and federal law.
8. Business must currently be licensed and engaging in commercial transactions typical of the field, with customers other than state or government agencies, for each specialty area in which Certification is sought. Further, if a Supplier, business must be making sales regularly from goods maintained in stock.
9. Business must have expertise normally required by the industry for the field for which Certification is sought.
10. Business must have been established and continuously operating within the Market Area for at least one (1) year prior to application.
11. Business employs fewer than 25 full- or part-time employees, including leased employees
12. Annual gross receipts on average, over the immediately preceding three (3) year period, shall not exceed:
 - For businesses performing Construction – \$2,000,000/year.
 - For businesses providing Other Services or Materials & Supplies - \$2,000,000/year.
 - For businesses providing Professional Services – \$1,000,000/year.
13. Small Business Management Training completed and accepted or waived by the FAMU Small Business Development Center

Targets for Utilization:

The proposed policy incorporates annual Race/Gender-neutral targets for utilization of SBEs as recommended by the MGT Disparity Study. Targets for SBE participation would be incorporated into County bid and proposal opportunities when it appears there is opportunity for SBE participation. The Race/Gender-conscious targets will be addressed as part of the overall Purchasing and M/W/SBE policy revision.

Annual Race/Gender Neutral Targets by Business Category					
Construction Prime Contractors	Construction Subcontractors	Professional Services Consultants	Professional Services Sub-consultants	Other Services Vendors	Material & Supplies Vendors
2%	18%	11%	8%	12%	6%

Reserving Procurement Opportunities for Exclusive Competition Among SBEs:

To further increase SBE participation, staff proposes reserving some procurement opportunities for competition among certified SBEs only (details are provided in Attachment #4). This would be permitted when the procurement is within the dollar threshold for SBE only competition and there are at least three (3) SBEs. A committee, consisting of the M/W/SBE Director, the Purchasing Director and the Project Director or the appropriate Division Director would be required to agree that such "exclusive" SBE competition is reasonable on a case-by-case basis. Should the committee not reach a consensus, the issue of whether to set the procurement for exclusive SBE competition would be determined by the Management Services Director.

A SBE that has participated in the SBE program for a total of six years or has completed six contracts, whichever occurs first, would "graduate" from the SBE Program and would no longer be eligible for SBE certification.

SBE Conclusion - Recommendation:

The SBE program will be implemented through the M/WBE office with its key partner, the FAMU SBDC program. At full implementation, staff anticipates approximately 150 firms can complete SBDC training and be referred for SBE certification annually. Although no Board action is required relative to approving the SBE policy, this draft is being distributed for Board review and comment. The full Purchasing and M/W/SBE policy revisions will be returned to the Board in April.

FAMU SBDC training and referral services would be provided through a contract with Leon County at an estimated cost of \$75,000 per year. Currently, the FAMU SBDC also has a comprehensive agreement with the Capital City Chamber of Commerce to support area minority and women-owned businesses. The SBDC plans on enhancing this partnership, as part of the County's SBE program, to ensure the availability of necessary technical support and financial resources to small businesses. In addition, staff will require additional in-house resources to recruit and certify small businesses, mediate contract performance issues, provide technical assistance to SBEs to help them perform to county expectations, inform SBEs about procurement opportunities and track their participation. It is recommended that these in house services be provided through the addition of an OPS position at a cost of approximately \$45,000 per year, plus related support costs, for a two-year start-up period.

In summary, SBE program start-up costs are anticipated to total \$298,069 over the initial two-year period. At this time, staff is recommending that the Board dedicate \$300,000 toward the creation of a Leon County SBE program and in order to cover the estimated start-up costs for same (Option #3 on Page #19). This recommendation was also supported by the ED Workgroup.

PROPOSED TRAUMA CENTER AT TMH:

During their regular meeting on January 10, 2006, the Board directed that staff include the consideration of utilizing a portion (then specified at \$1 million) of currently appropriated local economic development funding as part of this workshop. In providing this direction, the Board noted the high trauma-related deaths that occur in Leon County and our adjoining region and framed this issue as being both economic development (job creation) and healthcare (reduce mortality) related. Staff has since been in contact with officials from Tallahassee Memorial Healthcare (TMH) to further review the aspects of creating a trauma center in Leon County. TMH has provided initial information detailing how creation of a trauma center would result in saved lives, promotion of economic growth, and creation of new jobs (Attachment #7).

Staff was informed last week by TMH Administration and Mr. Kim Williams, TMH board member that TMH is not seeking County funding at this time from the County's \$1.6 million earmark for local economic development purposes. TMH indicated that their request for recurring costs associated with operating the trauma center could be addressed during the Board's upcoming FY 06/07 budget development process and as the trauma center becomes operational. During their February 28, 2006 regular meeting, the Board also directed staff to consider this funding request as a budget discussion item and staff is preparing this issue for further consideration during the budget approval process. No further action on this issue is required by the Board at this time.

CAPITAL CIRCLE COMMERCE PARK (CCCP) DEVELOPMENT FUNDING REQUEST:

In accordance with Board direction, this section presents additional information on the \$600,000 funding request for the expansion of the Freightliner expansion at the Capital Circle Commerce Park (CCCP). This request was first submitted to the Board by the late Mr. Terry Fregly and is now supported by Mrs. Joan Fregly and the other CCCP developer Mr. Roger Leslie. If approved by the Board, these County funds would be applied as follows (Attachment #8):

- \$500,000 toward the construction of a planned 20,000 square foot building that will serve as an "operation" or distribution center for the company (construction costs total \$1.3 M).
- \$100,000 to offset development costs such as planning and permitting and for marketing.

This funding request represents the second time within the last three months that the Board has considered economic development funding for the Freightliner project at CCCP. On December 13, 2005, the Board approved a \$750,000 Community Development Block Grant Application to the State Department of Community Affairs (DCA). Although this application is still under review at DCA, grant funds would be applied toward the necessary water, sewer, sidewalks and landscaping infrastructure for the same Freightliner building (Attachment #9). In return, the company will create 23 new jobs, 13 of which will be paid \$22,880 annually (totaling \$32,608 in incentives per job).

The current request for \$600,000 by the developer would not be directly tied to any additional job creation at the park above the 23 jobs quantified in the CDBG grant application at Freightliner. For example, should the Board approve this additional \$600,000 toward the construction of a new facility at CCCP, it would essentially provide a cumulative \$1.35 million in county-based incentives toward the creation of 23 new, moderate wage jobs for \$58,695 total county incentives per job.

While there has been, and continues to be, substantial positive private redevelopment at the 60 acre CCCP site in recent years, staff is not recommending the approval of any additional economic development incentives above the \$750,000 CDBG economic development grant application that was approved by the Board last December. However, staff will continue to work closely with the developer through the grant award process and the related infrastructure construction at the Park.

SISTER COUNTY PARTNERSHIP WITH PG COUNTY/FAIRGROUNDS SEED FUNDING:

At their December 2005 retreat, the Board authorized County staff and the Chairman to pursue a sister county agreement with Prince George's County, Maryland. On March 8, 2006, the Chairman and senior staff met with Jack B. Johnson, County Executive and other Prince George's (PG) County senior staff to discuss this issue and advance the sister county concept between our communities. As part of this meeting, it became apparent that PG County has recently transformed into a national leader in local economic development and redevelopment. PG County officials conveyed a number of unique opportunities that they have capitalized upon in recent years to redevelop under-utilized property into high end commercial, residential and retail activity centers and to further stimulate their impressive economic development.

For example, one cornerstone of PG County's economic development efforts, that has high crossover potential for Leon County's economic development on the southside (including the Fairgrounds), involved the "Boulevard at Capital Centre." Capital Centre is an \$85 million town center project that opened in late 2003 and houses 490,000 square feet of retail space including Starbucks, Mens Warehouse, Borders and an entertainment center anchored by a Magic Theaters cineplex. This redevelopment project has transformed a previously underutilized property and its surrounds and now directly generates \$124 million in tax revenues each year and has created 750 new jobs.

A continuing priority of the Leon County Board of County Commissioners is the long term effort to develop the existing fairgrounds site on South Monroe Street and concurrently to generate new economic development opportunities within the Southern Strategy Area. During the recent site visit to PG County, it was evident to staff that their expertise in developing similar properties could be an essential lynch pin toward advancing our efforts in Leon County. This is of added importance as ongoing efforts to relocate the fairgrounds to a new location proceed (thus allowing for redevelopment of the existing site). Therefore, staff is recommending that \$50,000 be allocated toward the effort to finalize a sister county agreement with PG County that focuses upon improving economic development in under-utilized areas of Leon County (Option #4 on Page #19).

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FIRST FOCUS PARTNERSHIP'S REQUEST FOR LOCAL WORKFORCE TRAINING:

On March 17, 2006 staff held a meeting with EDC and TCC staff to discuss the potential to partner with the agencies comprising "First Focus" in an effort to leverage a portion of county economic development funding toward expanding workforce training for local businesses (Attachment #10). First Focus is an ongoing cooperative association of local and regional economic development agencies including the following members:

- Tallahassee/Leon County Economic Development Council
- Workforce Plus
- FAMU Small Business Development Center
- Greater Tallahassee Chamber of Commerce
- Capital City Chamber of Commerce
- Tallahassee Community College
- Lively Technical Center

In preparation for this workshop, staff has worked with First Focus representatives, including Dr. Bill Law - TCC President and EDC Chairman, to craft a plan wherein \$100,000 in County local economic development funding would be leveraged through the First Focus partner agencies, specifically TCC (who will administer this grant at no charge or administrative cost to the County), to generate an additional \$500,000 in federal and state grants. As a result, it is anticipated that fifty or more local businesses will receive economic development assistance in the form of workforce training, grant writing, business plan consulting and strategic job assessment activities through the county's investment.

Staff has concluded that the First Focus proposal will directly result in expanding local workforce development activities tailored to the Board's priority of growing local businesses. Moreover, the potential to leverage a \$1 to \$5 return on applied county funds for direct program expenditures while fostering the cooperative approach to addressing local business development issues with our community partners is also positive. At this time, staff is recommending that the Board dedicate \$100,000 toward local workforce training and assistance, as outlined above, through the First Focus Partnership (Option #5 on Page #19).

OVERVIEW OF EXISTING LEON COUNTY ECONOMIC DEVELOPMENT PROGRAMS:

During their series of meetings, the business leaders comprising the ED Workgroup applauded the existing economic development programs that the County already has in place to stimulate business development, including the Enterprise Zone, Qualified Targeted Industry or "QTI" program (state incentive program with 20% local match) and the County/City Targeted Business Pilot Program (reimbursement of County/City permit fees and property tax refunds for business growth). The following subsections further detail each of these existing County economic development programs that are presently in place and provide a brief overview of the actions staff is currently undertaking to expand public awareness on each of them. Also included is an overview of the County's relationship with the EDC for economic development activities.

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Leon County/City of Tallahassee Enterprise Zone:

The Leon County-Tallahassee Enterprise Zone (EZ) is a 20 square mile area across Leon County that is targeted for economic revitalization. First advocated for by the County and approved by the state legislature and Office of Tourism, Trade and Economic Development (OTTED) in 2002, this program offers significant tax incentives to property and business owners within the EZ boundaries who renovate their homes, create jobs and expand their businesses. Some of the key incentives of the EZ, include (Attachment #11):

- Jobs Credit: refund of state sales or corporate income tax based on new jobs created,
- Building Materials Refund: refund of state sales tax paid on building materials for renovations of buildings in the EZ, and
- Property Tax Credit: refund of portion of corporate income tax for companies that build, rebuild, or expand their business within the boundaries of the EZ.

The EZ program has become popular, statewide, as it offers various state-funded tax rebates for programs structured to improve largely "local" economic redevelopment. The County's primary role is to provide full oversight of the local program. Currently, the Board contracts with the EDC to manage this program for Leon County. The Enterprise Zone Development Agency, a governing body that is approved by the Board of County Commissioners, provides further management oversight to the EZ, including an annual report on EZ activities (Attachment #12).

QTI:

The Qualified Target Industry (QTI) Program is a state incentive program that targets companies that create high wage jobs in targeted industries. After a thorough pre-approval screening process, conducted by the state, this program provides tax refunds to qualifying companies primarily on their corporate income, sales and ad valorem taxes. Significantly, this state program includes a local match of 20%. In Leon County, this local match is split evenly between the City of Tallahassee and Leon County. The Board currently escrows the County's match funding with the EDC as part of our annual contract. Currently, our QTI match account at the EDC has an unencumbered balance of nearly \$70,000 for future use on qualified businesses.

During the past two years, the Board has approved two resolutions supporting QTI approval for Southeast Corporate Federal Credit Union and for Danfoss Turbocor Compressors. The Southeast Corporate match application was approved on July 27, 2004, and included a match of \$12,000. The Turbocor match application was approved on October 25, 2005, and included a County match of \$105,000. Both matches to the state were also evenly supported by the City. Similar to other incentive programs, payments of QTI funds to Turbocor will be made upon the company's proof that their job creation and related performance goals have been met (Attachment #13).

Targeted Business Pilot Program:

The Targeted Business Pilot Program (TBPP) was jointly created by the City and the County in 2001 to provide additional financial incentives to high wage, targeted businesses that wish to relocate or

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expand their businesses in our community. The incentives offered to such companies take the form of the reimbursement of up to 100% of development (permit) fees and up to 100% of ad valorem taxes (capped at the City's millage rate) based upon a series of factors including numbers of jobs created, salary levels, and location. The incentives are reviewed annually and are reimbursed to the qualifying company over a maximum period of 10 years (Attachment #14).

On April 30, 2002, Fringe Benefits Management Company became the first business to qualify for this program. Based on the pre-approval scoring process, Fringe Benefits qualified for 60% reimbursement of permit fees (City) and ad valorem taxes (City and County) paid over six years. The second annual reimbursement application was approved by the TBPP Review Committee on December 13, 2005. Therefore, the City and County will reimburse Fringe Benefits a total of \$25,064 (split evenly) from the company's applicable ad valorem property and personal property taxes for the previous year. Future payments to Fringe Benefits will be made over the next four years based on the TBPP Committee's annual review of their performance (Attachment #15).

Economic Development Council (EDC):

The County has contributed over \$1.7 million to the EDC since 1995 to support economic development initiatives, including the retention and expansion of local businesses (including the \$210,000 unexpended funds for FY 05/06 pending approval of a contract with the EDC). In turn for these contributions, the EDC has acted as the County's primary economic development program administrator, serving as same for the County's Enterprise Zone and QTI programs. The EDC has also been a central source for local economic development information and normally engages in outreach, promotion and marketing to local, regional and national economic development organizations and businesses.

Based upon previous Board direction, staff is currently coordinating with EDC staff toward the creation of a proposed FY 05/06 contract for review by the Board. As in previous years, the contract will detail those activities to be performed by the EDC in return for the \$210,000 in budgeted funds by the County. New this year, staff is also working to include contract language requiring the EDC to create "shelf-ready" direct incentive packages to apply to potential expanding and/or relocating businesses as well as a standardized process for local government's review of these incentive proposals. It is anticipated that this contract process will be completed during the spring of this year.

Participants of the workgroup expressed support for increasing public awareness of the County's programs, which has largely fallen to the EDC in recent years. To this end, staff is working to further expand public education on each of these existing programs through enhanced use of the County's dedicated cable television programming, the County Link and the County's website. Staff also plans on increasing outreach on these programs through presentations at area civic, social and business service group meetings, seminars and forums. However, staff does not anticipate that there will be a significant fiscal impact from these related public awareness initiatives.

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Options:

1. Accept the staff and Economic Development Workgroup's Status Report on local economic development activities, including the creation of an SBE program and enhanced public awareness of the Targeted Business Pilot Program and Enterprise Zone Program.
2.
 - A. Earmark \$1,150,000 of the County's total \$1.605 million in local economic development funding for granting to a private business accelerator.
 - B. Establish a Business Accelerator Oversight Committee composed of the following individuals to monitor the next phase of program development (note: this Committee would only be impaneled during the program development phase prior to their report to the Board):
- Rick Kearney - Dr. Bill Law - Cliff Hinkle - Mike Sheridan - Dr. Rose Glee
- Kim Williams - Dr. Kirby Kemper - Dr. Jerry Osteryoung - County Administrator
 - C. Direct the Business Accelerator Oversight Committee to develop a formal proposal for the creation of a private business accelerator program, authorize the County Administrator to utilize up to \$150,000 of the total \$1.15 M earmarked funds for the Accelerator to hire consulting services for this purpose (to be matched up to \$50,000 by the EDC) and report back to the Board with their proposal within 180 days.
3. Dedicate \$300,000 toward the creation of a Leon County SBE program and to cover the estimated initial two year start-up costs for same.
4. Dedicate \$50,000 toward the completion of a sister county agreement with Prince George's County, Maryland that includes a component focusing upon expanding economic development in under-utilized areas of Leon County (specifically within the Southern Strategy Area and the Existing Fairgrounds site).
5. Dedicate 100,000 toward local workforce training through the First Focus Partnership.
6. Do not accept staff's report on local economic development issues.
7. Approve an additional economic development incentive grant for the Capital Circle Commerce Park at a level to be determined by the Board.
8. Board direction.

Recommendation:

Options #1, #2, #3, #4 and #5.

Attachments:

1. Overviews of January 11, January 27 and February 23, 2006 Economic Development Workgroup Meetings (not included is an overview of March 21st ED Workgroup meeting)
2. Additional Information Regarding Business Incubators from NBIA
3. INC.com news article regarding private business accelerators
4. Memorandum from County Attorney's Office regarding County's legal authority to fund a business accelerator program.
5. Draft SBE Component of the County's Purchasing and M/WBE Policy
6. Proposed SBE eligibility criteria and components
7. TMH Trauma Center Community/Economic Benefit Overview Materials
8. Information regarding Capital Circle Commerce Park's funding request.
9. December 13, 2005 Agenda Item: Public Hearing to adopt a resolution authorizing submission of a CDBG – Economic Development Category Grant Application (for CCCP) with staff overview of the grant request.
10. March 22, 2006 letter from Steve Owens, TCC Assistant Vice President, regarding the proposed First Focus funding request for local business development training
11. Enterprise Zone Incentives in Leon County
12. Leon County Enterprise Zone Development Agency's Annual Report for 2004/2005.
13. Overview of Florida Qualified Target Industry Tax Refund Program (QTI).
14. Overview of Tallahassee/Leon County Targeted Business Pilot Program (TBPP).
15. E-mail outlining Fringe Benefit's 2004 TBPP Reimbursement Request (most recent), as approved by the TBPP Review Committee on December 13, 2005.

Board of County Commissioners Agenda Request 20

Date of Meeting: April 11, 2006
Date Submitted: April 5, 2006

To: Honorable Chairman and Members of the Board
From: Parwez Alam, County Administrator
Vincent Long, Assistant County Administrator
Benjamin H. Pingree, Assistant to the County Administrator
Subject: Ratification of Board Actions Taken at the March 28, 2006, Workshop on Local Economic Development Issues Including Board Appointment of Members to the Business Accelerator Oversight Committee

Statement of Issue:

This agenda item requests the ratification of Board actions taken at their March 28, 2006 Workshop on Local Economic Development Issues, including the Board's appointment of the members to their Business Accelerator Oversight Committee (Attachment #1).

Background:

As a policy decision on December 13, 2005, the Board affirmed their commitment to local economic development by maintaining \$1.605 million in the FY 05/06 budget and directing staff to develop policy options toward growing local businesses. On March 28, 2006, the Board held a workshop from 12:00 - 3:00 p.m. to consider a report from staff and members of the County's Workgroup on Local Economic Development (ED Workgroup) that included options to expand local businesses.

Analysis:

During the Workshop, the Board reviewed the analysis prepared by staff and the ED Workgroup regarding the local economic development issues identified. The Board also received presentations from numerous attending ED Workgroup representatives and other community officials regarding the policy options that had been presented to the Board. After lengthy discussion, the Board approved the following options:

1. Accept the staff and ED Workgroup Status Report on local economic development activities, including the creation of an SBE program and enhanced public awareness of the county's existing economic development programs;
2. Authorize \$700,000 toward future funding of a "business accelerator program;"
 - Establish a Business Accelerator Oversight Committee (Committee) to monitor the next phase of program development (Board establishment of the Committee's membership is presented in a following section of this agenda item),
 - Direct the Committee to work toward the establishment of a business accelerator and report back to the Board within 180 days with a formal proposal for its creation,
3. Authorize the County Administrator to utilize up to \$150,000 (to be matched by the EDC for up to \$50,000) to hire professional services (legal, accounting, consulting, etc.) to develop and create a business accelerator program to include a review of a business incubator model;
4. Authorize \$300,000 for the creation of a Leon County SBE program to include establishing a performance contract with FAMU SBDC for SBE training and referral services;
5. Authorize \$50,000 toward the completion of a sister county agreement with Prince George's County, MD that focuses on expanded local economic development activities;

View Agenda

6. Authorize \$100,000 toward local workforce training through the First Focus Partnership;
7. Authorize \$300,000 toward an additional economic development incentive grant to Capital Circle Commerce Park for ongoing improvements at their site.

Board Appointment of Members to the Business Accelerator Oversight Committee:

During the Workshop, the Board expressed their desire to appoint the members of the Business Accelerator Oversight Committee (Committee). At that time, the Board indicated that the members of the Committee may be derived from the ED Workgroup, but may also include other local representatives as appointed by the Board. To insure a productive process toward the creation of a new business accelerator program, staff had recommended during the Workshop that the Committee be comprised of the following members:

- | | | | |
|-----------------|----------------|--------------------|-------------------------|
| - Rick Kearney | - Dr. Bill Law | - Mike Sheridan | - County Administrator |
| - Cliff Hinkle | - Kim Williams | - Dr. Kirby Kemper | - Dr. Jerry Osteryoung. |
| - Dr. Rose Glee | | | |

At this time, staff is seeking Board appointment of the members of the Business Accelerator Oversight Committee. Upon Board appointment of the Committee's members, staff will immediately begin the work process toward the creation of a business accelerator/incubator program, in accordance with standing Board direction on this issue. This formative process will culminate in a Committee report to the Board, within 180 days, outlining the proposed implementation plan.

Options:

1. Ratify the Board actions taken at the March 28, 2006, Workshop on Local Economic Development Issues.
2. Approve Board appointments to the Business Accelerator Oversight Committee.
3. Do not ratify the Board actions taken at the Workshop on Local Economic Development.
4. Board direction.

Recommendation:

Options #1 and #2

Attachment:

1. March 28, 2006, Workshop on Local Economic Development Issues.



Leon County

Board of County Commissioners

2007 Priorities

County Commissioners

Chairman Ed DePuy, At-Large
Vice-Chair Jane Sauls, District 2
Bill Proctor, District 1
John Dailey, District 3
Bryan Desloge, District 4
Bob Rackleff, District 5
Cliff Thael, At-Large

*Putting the pieces
together to build a
better community.*



1. Economic Development

Pursue programs to enhance local economic

development that may include: an incubator at Innovation Park, a Business Accelerator Program, a research and development facility, partnerships with the state and universities, as well as, identify a continuous funding source and establish measures for these initiatives.

2. Performing Arts Center

Continue dialogue with community partners on the development of a performing arts center, conduct a funding feasibility study, and consider funding options.

3. Jail Diversion Programs

Continue to invest in technology that provides alternatives to incarceration, such as GPS monitoring and SCRAM. Pursue other intervention programs, specifically targeting at-risk youth, and pursue restorative justice programs, including community crime prevention programs.

4. Functional Consolidation of Some City of Tallahassee and Leon County Government Services

Evaluate City and County services that can be consolidated to provide for more effective and efficient delivery of services.

5. Southside Senior Center

Collaborate with the City of Tallahassee on the development of a senior center facility to be located at the former Wesson School, and pursue the feasibility of long-term, affordable housing opportunities for senior citizens at the site.

Ongoing Priorities Adopted in 2006

Joint Dispatch Facility for Law Enforcement and Emergency Response

Woodville Branch Library

Redevelopment of the North Florida Fairgrounds Property

County-wide Lake Protection Program

For more information, please contact Leon County Administration at (850) 606-5300 or visit www.leoncountyfl.gov.

BUSINESS ACCELERATOR OVERSIGHT COMMITTEE

County Administrator's Conference Room
Friday, May 5, 2006 – Noon to 2 p.m.

Summary Minutes

Members Present:

Rick Kearney
Dr. Kirby Kemper
Bryan Desloge
Dr. Jerry Osteryoung
Brad Day (for Dr. Bill Law)
Parwez Alam, County Administrator

Other Guests:

Vincent Long, Assistant County Administrator
Alan Rosenzweig, County OMB Director
Benjamin H. Pingree, Ass't to the County Admin.
Laura Youmans, Assistant County Attorney

I. Introduction of Members/Opening Statement

PA provided a brief overview to the group regarding the history of the issue of creating a business accelerator in Leon County, and the recent Board actions toward this end. PA noted that this group was charged with creating a proposal (plan) to create a private business accelerator and had access to \$150,000 to apply toward consultant/professional management fees (to be matched \$50,000 by the EDC). The Board had also approved an additional \$700,000 for future granting to the accelerator, once the final report was received from the Oversight Committee with the related business plan.

II. Sunshine Law Overview – Application to the Committee

Laura Youmans, Assistant County Attorney, provided a brief overview of how the Florida "Sunshine Law" applies to the work of the Committee. In summary, the meetings of the group are to be publicly noticed and open to the public. External/private communications between members of the Oversight Committee, on issues pertaining to the work of the Committee, are prohibited. Ms. Youmans stated that she would deliver pamphlets to Committee members at their next meeting that further detail the particulars of the state's regulations for open meetings. She also clarified (later) that members of the Oversight Committee do NOT have to file financial disclosures as part of their service.

III. **Committee Organizational Issues**

After a brief discussion regarding selection of a Chair, Mr. Alam made a motion (2nd by Brad Day) to appoint Rick Kearney as Chair. The motion was unanimously approved.

IV. **Proposed Timeline (Attachment #1)**

Ben Pingree presented a proposed timeline for completing the work of the Oversight Committee. The timeline would conclude the Committee's work by the end of the Calendar year. There was some discussion that it may be preferable to conclude the Committee's work sooner and have the final report to the Board prior to the general election this fall.

V. **Brainstorming - "What should the Accelerator be?" & Professional Services Process Review**

Rick Kearney presented information regarding a Philadelphia based firm, Klehr Harrison, that he has been in contact with that specializes in the creation of private "accelerators" or venture capital fund groups. According to a deliverable forwarded by the firm, Klehr Harrison is routinely involved in all aspects of a fund's formation process, including management, legal-document creation, marketing, and accounting activities. Moreover, the firm reports having worked on similar plans in numerous other locations and with other public partners (Attachment #2).

Committee members discussed the potential price of hiring a firm such as Klehr Harrison. Mr. Kearney indicated that these services were not inexpensive and usually the outcome reflected the investment (you get what you pay for). However, Mr. Kearney indicated that Mr. Klehr was aware of the budget for the Leon County accelerator and was still expressing interest. The group expressed a desire to have Mr. Klehr's firm, and a couple others make presentations to the Oversight Committee at their next meeting.

PA discussed the need for a full time Director for this accelerator to be hired soon after a firm is brought on board to shepherd the creative phase toward implementation. Members generally agreed on this point

There was significant discussion regarding the need to blend the inherent profit motives of a venture capital-type fund with the social objectives of a publicly supported accelerator.

The Group then focused on what the Accelerator's Final Report should contain. The following points were discussed for inclusion:

- *Creation and Filing of Corporate Documents*
- *Creation of Bylaws & Articles of Incorporation*
- *Securities Documents*
- *Criteria for Spending of assets/resources*
- *Creation of a Prospectus for investors*
- *Business Plan for the Accelerator*
- *Responsibilities of companies that participate in Accelerator*
- *Goals and Objectives of the Accelerator*
- *Draft contracts between Accelerator and Participant companies*
- *Executive Overview Documents*

Dr. Kemper stressed the need for the Accelerator to focus on technology transfer, so that those professors who have ideas that can get to market don't go elsewhere but grow their ideas and businesses here.

Rick Kearney discussed the need to develop a business plan that included raising an investment goal of \$5 million over the next five years.

Bryan Desloge led the Group in a discussion of what the group would want at the back end of the process, or the ultimate outcome to be? The following points were discussed:

- *Linkages from the Accelerator to growth in jobs and businesses and increases in sales revenue growth of participating local companies.*
- *Target all ranges of companies, from start-up to emerging to "successful" companies seeking to implement new concepts (ex: a Datamaxx type company trying to roll out a new product/expand)*
- *A strong ROI (return on investment) for both the investors and the public entities that offer grants to the Accelerator. The ROI could be measured on a 4 to 1, or similar, basis. The return to the public entities could be measured through metrics such as those detailed in the first bullet of this part.*
- *There needs to be an "exit strategy" for investors. That concept needs to be further refined / fleshed out by the consultant. Examples could be recapitalization, a management buyout or an IPO.*

The group briefly discussed the EDC's potential role in this endeavor. After a brief discussion it was stated that the EDC would take a role in assisting the Accelerator with mentoring and marketing activities.

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PA restated that there is a need to move quickly toward the final product and to get the County out of the formative/implementation process of the Accelerator.

The group agreed to continue discussion on each of these key points, including beginning the process to bring on Board a professional consultant at their next meeting.

VI. Set Next Meeting

Members agreed to hold regular meetings throughout the summer with the next meeting occurring on June 15th from noon to 2 p.m. in the County Courthouse, County Administrator's Conference Room.

VII. Adjourn

BUSINESS ACCELERATOR OVERSIGHT COMMITTEE

County Administrator's Conference Room
Thursday, June 15, 2006 – Noon to 2 p.m.

Summary Minutes

Members Present:

Rick Kearney
Dr. Bill Law
Bryan Desloge
Dr. Kirby Kemper
Dr. Rose Glee
Dr. Jerry Osteryoung
Rob Nixon
Parwez Alam, County Administrator

Other Guests:

Ben Pingree, Ass't to the County Administrator
Laura Youmans, Assistant County Attorney
Brad Day, EDC President

I. Opening Statement

Rick Kearney, BAOC Chairman, opened the meeting with a few remarks regarding the positive feedback he had received from other venture capital fund managers related to the legal services provided by Klehr Harrison. He noted that he had been impressed with his discussions with the firm and their desire to become involved in the Leon County project under the existing budget constraints. He stated that he looked forward to the conference call with the firm and hearing from other committee members on their impression of the firm.

II. Approval of Minutes – 5/10/06 meeting

Ben Pingree presented the minutes from the May 10th BAOC meeting to the group for their review and approval. By a motion made by Parwez Alam, seconded by Bryan Desloge, the Committee approved the minutes.

III. Continued Discussion of Accelerator concept

Ben Pingree presented the group with two documents that stemmed from the Committee's discussions during their first meeting on May 5th. The first document was a memo to the BAOC that provides an update on Klehr Harrison's proposal to perform legal services toward the creation of the Accelerator (Attachment #1).

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Mr. Pingree provided an overview of staff's due diligence review of the firm, as conveyed in the memo. In summary, the review was very positive and indicative of Klehr Harrison's ability to provide timely and accurate assistance toward the creation of large to small venture capital funds. Significantly, the firm assisted in the creation of a fund that is very similar to the concept for implementation in Leon County: Philadelphia's Mid-Atlantic Angel Group (MAAG) Fund. The MAAG Fund was initially funded by the City of Philadelphia for \$500,000 with an additional \$4 million being gained from private investors, it has been in existence for 3 years and is operated independently from the City.

Ben Pingree also presented a research document that provides an overview of the additional staff research performed on those entities discussed during the May 5th BAOC meeting as being potential comparables for Leon County. Mr. Pingree stated that although similarities do exist, there are also key differences from the Accelerator model that has been contemplated by the Committee. For example, while Leon County's model has contemplated an independent entity be created with one-time governmental "seed" funding, the Georgia Tech's Advanced Technology Development Center is university controlled and receives annual, recurring funding from the state, including funding for a building. This document was presented for informational purposes and to stimulate further discussion by the BAOC (Attachment #2).

IV. Interview of Klehr Harrison LLP for Professional Services

Members of the BAOC held a conference call with Mr. Bill Matthews, Keith Kaplan, and Dan Glickman of the Klehr Harrison Law Firm (Firm). During this conference call, the Firm representatives provided the Committee with an overview of the Firm's history, their specialization in corporate & securities law and a brief overview of the related venture capital fund formation work they have performed for a range of small to large clients.

Considerable discussion occurred between the BAOC members and the Firm's representatives related to Klehr Harrison's interest and ability to assist the BAOC in creating a Leon County Accelerator. In summary, the Firm offered to provide a range, or continuum, of legal and consulting services toward the formation of a private, venture capital fund-type accelerator entity. The Firm stated that their work would likely be similar to that performed in the creation of the MAAG Fund but would be tailored to meet the needs of Leon County as directed by the BAOC and Board of County Commissioners.

Significantly, the Firm's representatives did recommend that the BAOC take the lead, either directly or through the addition of an experienced fund manager (new hire or volunteer), in creation of the business plan and solicitation of private accredited investors. For example, the business plan would include the following key elements:

- *What will the targeted businesses of the Fund be?*
- *What type of investments will be sought?*
- *What business strategies will be followed?*

As the BAOC answers these questions, the Firm offered to work closely with the County and the Accelerator fund's sponsors throughout the formative process including the development of a business prospectus for the fund.

V. Direction for further action

At the end of the conference call, Rick Kearney asked the Firm's representatives what immediate next steps the BAOC should focus upon. The following are the key points given in response to that question:

- *Begin fleshing out the key concepts of the business model for the fund...what will the parameters for investment be? What return on investment will be sought? What businesses will you target? What region/area will be focused upon?*
- *Identify/select the individual who will direct the fund/accelerator...This could be a volunteer or a professional. This person will have experience in managing investment funds. This person will lead the implementation of the fund and will outreach to the local investor community to secure private funding for the Accelerator. (Note: Staff will be in contact with the MAAG Fund's manager to gather a job description for this position).*
- *Contract with Klehr Harrison to manage the legal process for creation of the Accelerator Fund.*

VI. Open Discussion

The members of the group agreed to pursue a contractual relationship with Klehr Harrison to focus on the required legal documentation for the creation of a new Leon County Accelerator. Chairman Kearney was going to coordinate with the County Administrator and the EDC (the two funding entities) to effectuate that direction.

Additionally, the BAOC members agreed that initial outreach should be performed, individually, to identify potential candidates for a new Accelerator Director. As staff compiles the job description for this position

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for BAOC consideration at their next meeting, members agreed to perform outreach for potential candidates (either paid or volunteer) for this position.

The BAOC also agreed that a subgroup, composed of (at a minimum) Rick Kearney, Dr. Law, and County representatives should meet prior to the next BAOC meeting to create a draft, bulleted list of concepts that would form the foundation for the Accelerator's business plan.

Dr. Kirby Kemper presented a concept to the BAOC to consider pursuing the relocation of the Torrey Pines Institute for Molecular Studies from California to Leon County utilizing up to \$100 million in predominantly state incentives. Dr. Kemper distributed materials on the company and expressed his desire to pursue a new agenda and strategy whereby Tallahassee would become a player in these types of relocation initiatives. Dr. Kemper indicated he would bring this issue up before the next EDC meeting (Attachment #3).

VII. Set Next Meeting

Attending members agreed to set the next meeting of the Business Accelerator Oversight Committee for July 12th from noon to 2 p.m. at the TCC Capitol Center at Kleman Plaza (below the Brogan Museum).

VIII. Adjourn

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BUSINESS ACCELERATOR OVERSIGHT COMMITTEE

TCC Capitol Center Meeting Room
Wednesday, July 12, 2006 – Noon to 2 p.m.

Summary Minutes

Members Present:

Rick Kearney
Dr. Bill Law
Dr. Rose Glee
Fred Leysieffer (*representing
Dr. Kirby Kemper*)
Brian Desloge
Mike Sheridan

Other Guests:

Ben Pingree, Ass't to the County Administrator
Shington Lamy, County's Management Intern
John Call, Florida Public Radio

I. Opening Statement

Rick Kearney, BAOC Chairman, opened the meeting with a few remarks regarding the purpose of the subgroup that met on July 6, 2006. Mr. Kearney stated that the BAOC subgroup met to expedite the process of developing the fund group. He noted that there is timeline that the BAOC must meet in order to present their recommendation the Leon County Board of County Commissioners. Mr. Kearney stated that the recommendations of the subgroup would be discussed further as the meeting progressed.

II. Approval of Minutes – 6/15/06 meeting

Ben Pingree presented the minutes from the June 15th BAOC meeting at to the group for their review and approval. By a motion made by Dr. Rose Glee, seconded by Rick Kearney, the Committee approved the minutes unanimously.

III. Presentation of Due Diligence Research

Ben Pingree presented to the Committee due diligence material collected by staff regarding best practices in the formation of an "angel" or "venture" fund group. The first item was a packet entitled "Angel Investment Groups, Networks, and Funds: A Guidebook to Developing the Right Angel Organization for Your Community". This guide outlines a strategy through which communities can create angel fund groups that meet their local economic needs and expectations.

Mr. Pingree also distributed an example of an angel fund's implementation plan. The implementation plan described the angel group's membership criteria, governance process, dues structure and other pertinent components of a fund (Attachment #1). A discussion ensued regarding the importance of hiring someone to begin managing the Fund.

IV. Presentation of BAOC subgroup recommendations

Mr. Kearney led the discussion of the recommendations made by the BAOC subgroup during their July 6th meeting (Attachment #2). He highlighted certain recommendations made by the subgroup. He stated that the manager should be able to solidify the message of the fund group, and lead private investor outreach activities.

Mr. Kearney highlighted the importance of capping the amount of money raised at \$5 million, acknowledging that too much money in the fund would dilute its purpose. The fund could begin investing into companies once a \$2 million threshold was met. The subgroup had discussed a minimum of \$20,000 or higher, but had settled at a minimum of \$10,000 since this group would be the first of its kind in Tallahassee. The BAOC discussed that a maximum cap would ensure that no one person could exert control over the fund. The group agreed that \$1 million should be the maximum contribution allowed.

The Committee discussed the subgroup's recommendation that the fund group should focus on Targeted industries as identified by the state, County, and EDC. Mr. Pingree distributed to the Committee a list of industries targeted by the state for their "Qualified Target Industries" program (Attachment #3). The Committee stated that they would enlist the assistance of the EDC in identifying industries to target for the fund group.

The Committee discussed the subgroup's recommendation that the fund group regional reach extend 150 miles. The Committee agreed that a 150 mile range was important for numerous reasons; this included the fact that Leon County is a business nexus for surrounding counties, critical mass is needed to ensure the fund group's success, are local universities reach out beyond the 150 mile range as other Leon County institutions and businesses.

The Committee was in agreement with the subgroup recommendation that the Tallahassee Democrat should be informed of the progress of the BAOC and fund group. It was suggested that, once a contract was in place, BAOC

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members should go to the Tallahassee Democrat Editorial Board to discuss the concept and increase public awareness of the Accelerator. The Committee agreed that the Editorial Board should understand that this fund group would be private and not a County entity.

Dr. Law made a motion that the BAOC accept the subgroup's recommendations and proceed with contracting with Klehr Harrison for legal services. The motion was seconded by Mike Sheridan and unanimously approved.

V. Status of Fund Manager Identification

The Committee discussed the type of fund manager that would be essential to the success of the fund group. The members discussed whether the person hired to lead the fund group should be a seasoned professional or recent MBA graduate. It was stated someone who can raise money would be preferred to entrepreneur.

The members of the BAOC reviewed the resume of Andrew Watkins as a potential candidate for the fund manager position (Attachment #4). It was suggested a person like Mr. Watkins would be ideal to perform the grunt work of establishing the fund group. An individual with Mr. Watkins' credentials would be good to manage the fund's first 24 months to raise the first \$2 million. The group agreed that a person who can "close the deal" not just conduct the initial establishment responsibilities of the fund group. The Committee also discussed the qualifications of Mr. Neil Schneider who had been mentioned during the BAOC subgroup meeting. The Committee discussed the ability of both individuals to raise money. It was suggested that the structure of the management position should determine the type of person that the Committee ultimately hires.

VI. Update of Agreement w/ Klehr Harrison, LLC

Mr. Pingree stated that staff had received a contract from Klehr Harrison on July 6th and that it would be reviewed by the County Attorney's Office in the upcoming days (Attachment #5). He also stated that Klehr Harrison's services would be retained through the County and not the BAOC. He hoped to have a contract finalized with Klehr Harrison by the end of July.

VII. Immediate Next Steps

The Committee agreed that during the next meeting specific candidates to manage the fund should be discussed and interviewed if possible. Additionally, Klehr Harrison will begin work immediately once hired.

VIII. Open Discussion

The members of the BAOC discussed potentially presenting their plan to boost economic development at the next EDC meeting scheduled for Thursday, September 28th.

The members also suggested that the attorneys craft a fund plan avoids registration fund members with the Security Exchange Commission.

IX. Set Next Meeting

Attending members agreed to set the next meeting of the Business Accelerator Oversight Committee for August 17th from noon to 2pm at the TCC Capitol Center at Kleman Plaza.

X. Adjourn

BUSINESS ACCELERATOR OVERSIGHT COMMITTEE

TCC Capitol Center Meeting Room
Thursday, August 17, 2006- Noon to 2 p.m.

Summary Minutes

Members Present:

Rick Kearney
Dr. Rose Glee
Dr. Kirby Kemper
Dr. Jerry Osteryoung
Brian Desloge
Rob Nixon
Mike Sheridan

Other Guests:

Ben Pingree, Ass't to the County Administrator
Shington Lamy, County's Management Intern
James Call, Florida Public Radio
Keith Kaplan, partner at Klehr Harrison
Bill Graham, counsel to Klehr Harrison

I. Opening Statement

Mr. Rick Kearney, BAOC Chairman, opened the meeting by welcoming members and guests. Mr. Kearney introduced Keith Kaplan and Bill Graham, counselors from Klehr Harrison. Mr. Kaplan stated that he specializes in fund formation and alternative type funds like the proposed Leon County Business Accelerator. Bill Graham will serve as local counsel for Klehr Harrison and was referred by Patrick Kinni the Sr. Assistant County Attorney. Mr. Kearney stated that the BAOC members are appointed by the County Commissioners and allow members and guests to introduce their selves.

II. Approval of Minutes – 7/12//06 meeting

Mr. Ben Pingree presented the minutes from the July 12th BAOC meeting at to the group for their review and approval (Attachment #1). By a motion made by Dr. Osteryoung, seconded by Rob Nixon, the Committee approved the minutes unanimously.

III. Update on Search for Fund Manager

Mr. Kearney stated that he and Dr. Osteryoung have had initial success in the process identify a fund manager. The position was listed on Monster.com and Careerbuilders.com and has generated received dozens of potential candidates (Attachment #2). The interest in the position has been broad and included individuals throughout the country. Mr. Kearney and Dr.

Osteryoung stated they have narrowed the candidate list to seven individuals and gave a brief description of five candidates that they have spoken to:

- o Norman Moore resides in Boca Raton, FL. He is an inventor in his mid-50s and has experience in turning around companies and managing securities.*
- o Robert Lerich of Coral Springs is a day trader with a portfolio management company in his late 30s. He is well versed in the fund management sector.*
- o Andrew Watkins works at the Florida State University Foundation. He is a 35 year old MBA candidate. He met with Dr. Bill Law on August 16th and has shown interest in the position.*
- o Christopher Campbell works for ITC DeltaCom. He has shown interest and enthusiasm in working in this community. He helped establish the Biletnikoff Award to its current state of relevance.*
- o Lewis C. Attardo currently works for the Florida Small Business Development Center Network at the University of West Florida as the program manager for the Business Technology Commercialization Division (Attachment #3).*

Mr. Kearney and Dr. Osteryoung intended to narrow the short list to 4 candidates at which time their resumes will be emailed to the committee members. Mr. Mike Sheridan asked what the County's role would be regarding the hiring of the fund manager. Mr. Pingree stated that the fund manager would not be a County employee but could be considered a consultant. Mr. Kearney suggested that the BAOC could contract with a temporary employment agency to facilitate all payroll issues. Mr. Kearney also suggested that an office for the fund manager could be supplied through his company or other participating partners.

Mr. Kearney stated a person available by the 4th quarter of this year would be needed as a fund manager. Mr. Kaplan interjected that the person hired as fund manager would be critical to getting the fund on the right track. He stated that the person hired must feel economically and emotionally responsible for the fund.

Mr. Sheridan posed the question of how skill sets and experience would be developed and prioritized for the fund manager position. Mr. Kearney stated that a priority was to identify an individual who could raise the target fund with good communication skills, be the "voice" for the fund and sell the fund to potential investors. Mr. Kaplan stressed the importance of hiring a fund manager that will bring confidence in the fund to the investors.

IV. Presentation/Strategic Planning w/ Klehr Harrison

Before the presentation of Klehr Harrison, Mr. Pingree informed the Committee that a contract had been developed and signed by the consultants (Attachment #4). The contract is capped at \$125,000. Mr. Pingree stated that Mr. Kaplan, specifically, had been highly recommended when staff conducted due diligence on Klehr Harrison.

Mr. Kaplan provided an overview of a fund and the phases that funds follow. He stated that the BAOC was looking to create a venture capital fund which raises a pool of money from investors who commit to make a certain amount of capital investment when they are called upon to do so. The investor is usually asked to make their investment 10-15 days after making a commitment to the fund. The investors must be accredited. A typical normally fund has a finite life of 10-12 years. The investors of a fund are normally passive; control of the fund lies with the "sponsor" or fund manager.

Mr. Kaplan also stated that funds go through 3 phases that usually overlap:

- 1) Deployment of capital*
- 2) Cultivating the invested company*
- 3) Disposition (exit strategy)*

Mr. Kaplan stated that funds are close-ended. The fund will likely have one year between the minimum for investment which is \$2 million to raise the \$5 million cap. Funds normally invest into a company for 5 years and observe a return of investment for another five years. A fund will reserve a percentage of their investment in an early stage company which may require more time for a return of investment. After about five years investors are normally released from their commitment, if all assets of the fund have not been allocated to investment companies.

Mr. Kaplan stated that he would work with the BAOC to develop a business model by providing samples of business proposals (Private Placement Memorandum) of funds that are no longer in business. He will ensure that the Private Placement Memorandum (PPM) that the BAOC will develop is legally accurate and that there are not any misstatements of material facts in the PPM. Mr. Kaplan will create the principle terms and engage in every process during the development of the fund. Mr. Kaplan stated that anyone on the Committee could write the PPM but it would be best if it were written by the fund "sponsor"/fund manager who will have to execute the PPM to investors.

V. Open Discussion

The members agreed that Mr. Kaplan should email the PPM samples to Mr. Pingree who will in turn develop a draft and email it to members of the BAOC. Upon call of the chairman a sub-committee to draft the PPM for the Business Accelerator may established in the interim.

VI. Set Next Meeting

Present members agreed to set the next meeting of the Business Accelerator Oversight Committee for September 21st from 8am to 10 am at the TCC Capitol Center at Kleman Plaza.

VII. Adjourn

BUSINESS ACCELERATOR OVERSIGHT COMMITTEE

TCC Capitol Center Meeting Room
Thursday, September 22, 2006- 8:00am-10:00am

Summary Minutes

Members Present:

Rick Kearney
Dr. Rose Glee
Dr. Kirby Kemper
Dr. Jerry Osteryoung
Dr. Bill Law
Bryan Desloge
Rob Nixon
Mike Sheridan

Other Guests:

Ben Pingree, Ass't to the County Administrator
Shington Lamy, Special Projects Coordinator
James Call, Florida Public Radio
Christopher Campbell, Fund Manager Candidate
Bill Graham, counsel to Klehr Harrison
Keith Kaplan, partner at Klehr Harrison

I. Opening Statement

Mr. Rick Kearney, BAOC Chairman, opened the meeting by welcoming members and guests. Mr. Kearney stated that he was pleased with the progress of the BAOC and grateful to see that a private placement memorandum had been drafted.

Mr. Ben Pingree thanked Dr. Bill Law for hosting the meeting and also for hosting previous meetings of the BAOC at the TCC Capitol Center..

II. Approval of Minutes – 8/17/06 meeting

Mr. Ben Pingree presented the minutes from the August 17th BAOC meeting to the Committee for their review and approval (Attachment #1). By a motion made by Mr. Mike Sheridan and seconded by Dr. Rose Glee, the Committee approved the minutes unanimously.

III. Update on Search for Fund Manager

Mr. Kearney and Dr. Jerry Osteryoung introduced Chris Campbell as a candidate to lead the fund and informed the Committee that his resume had been distributed to each member (Attachment #2). Mr. Campbell introduced himself and thanked the BAOC for the opportunity to attend the meeting and provided some introductory comments. Mr. Campbell stated that he understood and believed in the importance of making the Fund successful.

He also stated that he is very committed to the community and believed that there is a need to create jobs and business that will keep the large number of gifted students that graduate from the area's higher institutions within Leon County.

Mr. Campbell stated that his qualifications to lead the Fund included his assistance in the creation of an internship and mentorship program for MBA candidates at Florida State University in order to increase their marketability upon graduation.

Mr. Campbell was asked about his ability to balance his relationship between the companies that would be part of the Fund and the oversight committee. Mr. Campbell stated that he would form an active relationship with the oversight committee.

In his assessment of the ability to raise the fund goal of \$5 million, Mr. Campbell acknowledged that the full amount might not be raised in Leon County alone and the key investors would need to be identified and attracted utilizing the resources of the members of the BAOC.

Mr. Sheridan questioned Mr. Campbell on how he would balance investment return and economic development. Mr. Campbell responded that the County's participation was creating an environment that is pro-business that would lead to the creation of quality business in the community. Mr. Campbell felt that a balance could be accomplished with prudent review by the fund manager and the performance of needed due diligence.

Mr. Campbell gave his assessment of the research environment in the community, stating that the research community needed to attract businesses to relocate into Leon County instead of forming Internet relationships with businesses. Dr. Kirby Kemper added that the proper infrastructure was missing in the community and that an assessment of the community's manufacturing goals would be needed. Mr. Kearney stated that the purpose of the BAOC and the Fund would be to assist those who have created a product or service but do not have the business skill to bring into the market.

Mr. Campbell again thanked the members for the opportunity to serve the Accelerator Fund. The BAOC discussed Mr. Campbell's candidacy and Mr. Keith Kaplan informed that committee that the appropriate title for the position would be executive director. Mr. Kearney stated that the BAOC

would be contacting Klehr Harrison regarding proper compensation for the position.

Significant discussion regarding the position of Executive Director ensued. Mr. Sheridan moved that Mr. Kearney and Dr. Osteryoung hold another meeting with Mr. Campbell and that if they find that he is the appropriate individual to lead the Fund, then Mr. Kearney and Dr. Osteryoung are given the authority to offer the Executive Director position to Mr. Campbell. The motion was seconded by Dr. Kemper and passed unanimously.

Mr. Pingree stated that it was important that the manager remain a non-County employee. Mr. Kaplan stated that an LLC or other form of entity could be formed fairly quickly in order to establish the Fund which could in turn hire the executive director. Mr. Pingree also stated that there is \$25,000 remaining from consultant fees approved by the BOCC that has not been encumbered that could be used as partial compensation for the executive director. He also stated that the EDC had agreed to provide a match of up to \$50,000 to the County contribution towards consulting services.

IV. **PPM Subgroup Update**

Mr. Sheridan stated that the PPM subgroup met last week and had created a first draft personal placement memorandum for the BAOC review (Attachment #3). He stated that Klehr Harrison will ensure the proper structure of the Fund. He also stated that it was important that the Fund meet all the standards of SEC regulation without registering as such an entity.

Mr. Sheridan stated that general consensus of the PPM would be needed from the BAOC. The committee members agreed they would review the draft PPM and submit all comments and modifications to staff by 5pm Friday, September 29th.

V. **Open Discussion**

Mr. Pingree stated that the BAOC should be ready to present their work to the Board of County Commissioners by the end of the calendar year in order to receive County contribution. Most likely, the BAOC would have the executive director, the business plan, and budget completed at that time.

Dr. Law expressed his concern regarding the independence of the BAOC from the Board. Mr. Pingree stated that he believed that the holistic process of the work performed by the BAOC should be presented to the Board of County Commissioners. He reiterated that the Accelerator was being created as a separate entity from county government.

Mr. Bill Graham reminded the BAOC that because they were appointed by the Leon County Board of County Commissioners, all material that they had created was subject to public records including the private placement memorandum draft. Mr. Graham stated that under federal security regulations, the private placement memorandum must be confidential and not be bound by the public records law. He suggested that the BAOC create a management company or other private entity in order to ensure the final private placement memorandum adopted by the BAOC is in compliance with security regulations.

Mr. Bryan Desloge moved that Klehr Harrison create the organizational structure and incorporate the Fund. It was seconded by Mr. Sheridan and passed unanimously.

VI. Set Next Meeting

Present members agreed to set the next meeting of the Business Accelerator Oversight Committee for October 25th from 10am to 12pm at Desloge Oxygen, 510 Miccosukee Rd.

VII. Adjourn

BUSINESS ACCELERATOR OVERSIGHT COMMITTEE

County Administrator's Conference Room – County Courthouse
Wednesday, October 25, 2006- 10:00am-12:00pm

Summary Minutes

Members Present:

Rick Kearney
Dr. Rose Glee
Dr. Kirby Kemper
Dr. Jerry Osteryoung
Bryan Desloge
Mike Sheridan

Other Guests:

Shington Lamy, Special Projects Coordinator
Michael Pate, The Knight Foundation
Christopher Campbell, Executive Dir. Candidate
Bill Graham, counsel to Klehr Harrison
Keith Kaplan, partner at Klehr Harrison

I. Opening Statement

Mr. Rick Kearney, BAOC Chairman, opened the meeting by welcoming members and guests.

II. Approval of Minutes – 9/22/06 meeting

Mr. Shington Lamy presented the minutes from the Sept. 22nd BAOC meeting to the Committee for their review and approval (Attachment #1). By a motion made by Dr. Rose Glee and seconded by Mr. Mike Sheridan, the Committee approved the minutes unanimously.

III. Update on Vision 2020 Formative Process

Mr. Bill Graham stated that the formation process had been completed and an LLC had established under the name Vision 2020, LLC. The next phase would be the selection of the Vision 2020 Board of Directors by the BAOC. Mr. Graham stated that it was essential that this phase occur so that documents such as the private placement memorandum were not subject to Florida's Sunshine Law.

Mr. Keith Kaplan stated that the Fund's development process has progressed according to the timeline (Attachment #2). The next steps will include the formation of the board of directors of Vision 2020 and the establishment of the operating agreement which serves as the governing document of the Fund. He also stated that his office was currently drafting

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the subscription document, which serves as an agreement between the Fund and the shareholders.

The Committee agreed that the initial board of Vision 2020 as well as the investors could not include public sector employees. This included County staff as well as elected officials.

Mr. Sheridan suggested that the initial board be in place for one year so that investors are reassured of the stability of the Fund. Mr. Kearney stated that the initial board of the fund maybe installed for about one year at which time the investors of Vision 2020 would select the board of directors.

Mr. Kearney stated the name Vision 2020 was chosen because it illustrates the work that the BAOC envisions for long term economic development though return on investment may seen in 5 years. The name also shows that the BAOC clearly understands the task that is at hand to stimulate economic development.

IV. Update on Executive Director/Chris Campbell

Mr. Kearney stated that the position of Executive Director of Vision 2020 had been offered to Mr. Chris Campbell and that there was currently a clarification process taking place on compensation and incentives.

Mr. Kearney provided a description of the compensation and incentives that have been offered to Mr. Campbell. There will also be a discussion of benefits in the near future that will be part of a final contract.

Mr. Sheridan motioned that Mr. Kearney and Dr. Jerry Osteryoung be delegated the responsibility for finalization and execution of the Executive Director contract. The motion was seconded by Mr. Bryan Desloge and approved unanimously. The attorneys will now assume this aspect of the PPM development process.

V. PPM Discussion

Mr. Kaplan stated that he had received the latest PPM and that it was a good working draft (Attachment #3). Mr. Kaplan will be working with the Executive Director and the Vision 2020 Board of Directors to polish up the PPM.

Mr. Bill Graham stated that it was important that the PPM be discussed in a venue in which it is not subject to the Sunshine Law and public record laws. Mr. Graham acknowledged that it is imperative the initial board of Vision 2020 is established in order to discuss the substance of the PPM in a private forum and not violate the rules of the Securities and Exchange Commission regarding private placement memorandums.

Mr. Sheridan provided a chronological description on the development of the PPM. He asked staff to number each draft to identify the changes that have been made by the BAOC.

VI. Open Discussion

There was discussion on when the work of the Committee should be presented to the Board of County Commissioners. Mr. Kearney stated that it should take place in December in which time the Committee would present at a high level the accomplishments of the BAOC and request that the Board of County Commissioners provide \$700,000 in grant funding to Vision 2020 for a business accelerator program as was approved during the Board of County Commissioner's local economic workshop in the spring.

Mr. Sheridan stated if possible the Committee should seek additional funding from the Board of County Commissioners beyond the funds that was authorized during the workshop. Mr. Kearney stated any funding from the County would be used towards the operational cost of Vision 2020.

Mr. Kearney stated that he will work to keep the members of the Board of County Commissioners fully abreast of the progress of Committee. The Committee directed staff to request a workshop for December to the County Commissioners.

VII. Next Meeting

Present members agreed to set the next meeting of the Business Accelerator Oversight Committee for Tuesday, Nov. 28th from 12pm to 2pm. Staff was directed to coordinate on a location for the meeting.

VII. Adjourn

Agreement to Provide Legal Services to Leon County

This Agreement is entered into by and between Leon County, a political subdivision of the State of Florida, hereinafter referred to as "County" and Klehr, Harrison, Harvey, Branzburg & Ellers LLP, hereinafter referred to as the "Service Provider".

RECITALS

WHEREAS, on the 28th day of March, 2006, the Board of County Commissioners affirmed their commitment to local economic development by authorizing the creation of a Business Accelerator Oversight Committee to monitor the establishment of a Business Accelerator Fund (the "Fund") for Leon County; and

WHEREAS, Leon County has determined that Klehr, Harrison, Harvey, Branzburg & Ellers LLP, will satisfy the needs of the County in providing services with respect to the creation of the Fund.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the sufficiency of which is acknowledged by the Parties, the County and the Service Provider, agree as follows:

I. Services to be Provided:

The Service Provider hereby agrees to provide the following services under this Agreement:

A. Full professional legal services, including but not limited to:

1. Prepare all aspects of the Fund's formation process.
2. Prepare development of the Fund's structure and all required legal documentation, including the governing agreement for the Fund, which typically is either a limited partnership agreement or a limited liability company agreement, depending on whether the Fund is structured as a limited partnership or as a limited liability company, the operating document for the Fund's general partner or managing entity, the operating document for the Fund's

management company, the subscription agreement for the Fund and other legal documents required in connection with the specific structure.

3. Actively participate with the appropriate personnel of the Fund in the preparation of the Fund's private placement memorandum, addressing the summary of principal terms, the offering process, investor suitability requirements, risk factors, conflicts of interest, ERISA and tax and other considerations. The Fund's personnel will be responsible for developing the sections of the private placement memorandum describing the intended business of the Fund, including the investment opportunity, investment strategies, investment process and management term.
4. Form all of the required entities and prepare and file all necessary regulatory filings associated with investor closings into the Fund.
5. Participate in negotiations with potential investors.

B. Structuring:

1. Coordinate with Fund personnel to develop appropriate structure for the Fund.
2. Confer with tax, ERISA and Florida counsel in developing structure.

C. Private placement memorandum of the Fund (the "PPM") and other offering related materials:

1. Draft summary of principal terms, risk factors, ERISA, tax and securities law sections of the PPM.
2. Review and provide comments to Fund personnel's drafts of the executive summary, investment opportunity, investment strategy, investment process and management team sections of the PPM.
3. Draft any necessary amendments to the PPM.

D. Preparation of governing documents and subscription materials:

1. Draft and file organizational certificates for the Fund, the general partner of the Fund, the general partner of the general partner of the Fund, the management company and any other necessary entities. Obtain EIN numbers and qualifications to do business for the foregoing entities.

2. Draft operating agreements for the Fund, the general partner of the Fund, the general partner of the general partner of the Fund, the management company and any other necessary entities.
3. Draft subscription documents for the Fund.

D. Investor negotiations and comments:

1. Review investor comments to the operating agreement of the Fund. Negotiate with investors regarding their comments to Fund operating agreement and incorporate such comments into the Fund operating agreement to the extent necessary.
2. Draft side letters with investors to the extent necessary and negotiate the terms of side letters with investors.

E. Regulatory and other filings:

1. Prepare all necessary SEC and Blue Sky filings for the Fund's offering. This will include all filings for the initial closing of the Fund as well as subsequent closings of the Fund.

F. Other:

1. Draft ancillary documents (e.g., guaranty agreements, indemnification agreements, IRS election letters, purchaser representative letters) to the extent necessary.
2. Prepare any legal opinions requested by investors.

G. Project Schedule: The Services to be Provided herein shall be performed on a mutually agreeable timeline, a draft of which is attached hereto and incorporated herein as Exhibit A.

H. In performing any work hereunder, the Service Provider shall provide competent legal services to the County. Competent legal service requires the legal knowledge, skill, and preparedness reasonably necessary for the provision of those services. Keith W. Kaplan will be the primary contact in connection with this Agreement.

II. Requirements of Section 119.07, Florida Statutes: Service Provider acknowledges that there is public access to all documents, papers, letters, or other public records as defined in Section 119.011(1), Florida Statutes, made or received by the Service Provider in conjunction with this Agreement, except those public records which are made confidential by law. It is expressly understood that the Service Providers failure to comply with this provision shall constitute an immediate breach of contract for which the County may unilaterally terminate this Agreement.

III. Governing Law:

This Agreement is executed and entered into in the State of Florida, and shall be construed, performed and enforced in all respects in accordance with Florida Law including Florida provisions for conflict of laws.

IV. Venue:

Venue for all actions arising out of this Agreement or as a result thereof shall lie in Leon County, Florida.

V. Severability:

If any of the provisions of this Agreement should be declared illegal, void, or unenforceable, the other provisions shall not be affected thereby but shall remain in full force and effect.

VI. Audits, Inspections, Investigations, Records and Retention: The Service Provider Agrees:

- A. To establish and maintain books, records and documents (including electronic storage media) sufficient to reflect all income and expenditures of funds provided by the County under this Agreement.
- B. To retain all client records, financial records, supporting documents, statistical records, and any other documents (including electronic storage media) pertinent to this Agreement for a period of six years after termination of the Agreement. If an audit has been initiated, and audit findings have not been resolved at the end of the six years, the records shall be retained until resolution of the audit findings or any litigation which may be based on the terms of this Agreement, at no additional cost to the County. Records shall be retained for longer periods when the retention period required by law exceeds the time frames required by this Agreement.
- C. Upon demand, at a mutually agreed upon cost to the County, Service Provider shall facilitate the duplication and transfer of any records or documents during the required retention period, to ensure that these records shall be subject at all reasonable times to inspection, review, copying, or audit by Federal, State, or other personnel duly authorized by the County.
- D. To comply and cooperate with any inspections, reviews, investigations, or audits, when deemed necessary by the County.

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- E. To include the aforementioned audit, inspections, investigations and record keeping requirements in all subcontract and assignments, if any, specifically authorized herein.

VII. Indemnification:

- A. The Service Provider shall upon a final determination of its liability, indemnify, save and hold the County, its officials, officers, agents, and employees, harmless from and against any and all claims, liability, losses, and/or causes of action or actions including but not limited to costs and a reasonable attorney's fee which arise out of, or are due to services provided under this Agreement by the Service Provider, its officers, officials, agents, and employees, whether intentional or unintentional. This provision shall survive any termination or expiration of this Agreement.
- B. The County agrees to pay the Service Provider the sum of \$10 and other good and valuable consideration, as specified consideration for this indemnification provision, the sufficiency of which is hereby accepted and acknowledged by both parties. Furthermore, the Service Provider acknowledges that the Contract price includes said consideration.

VIII. Insurance:

- A. Throughout the term of this Agreement the Service Provider shall maintain professional liability insurance coverage in an amount not less than \$1,000,000.
- B. The Service Provider shall, when requested by the County, provide proof of all insurance coverage.

IX. Assignments and Subcontracts:

- A. The Service Provider shall neither assign responsibility for this Agreement to another party nor subcontract for any of the work contemplated under this Agreement without prior approval of the County, which approval shall not be unreasonably withheld. Any sublicense, assignment or transfer otherwise occurring without prior approval of the County shall be null and void.
- B. Any subcontract shall be evidenced by written document. The Service Provider further agrees that the County shall not be liable to the subcontractor in any way or for any reason. The Service Provider, at its own expense, shall defend and hold harmless the County, its officers, officials, employees and agents, against any such claims brought.

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- C. The County hereby agrees that the Service Provider may retain the services of William Graham, Esq. and his firm, Carr Allison, in addressing any issues arising under the laws of the State of Florida with respect to the Fund.

X. Civil Rights Requirements:

The Service Provider shall not discriminate against any employee in the performance of this Agreement or against any applicant for employment because of age, race, religion, color, disability, national origin, or sex. The Service Provider further agrees that all subcontractors, or others with whom it arranges to provide services or benefits to participants or employees in conjunction with any of its programs and activities are not discriminated against because of age, race, religion, color, disability, national origin, or sex.

XI. Independent Capacity of Service Provider:

- A. The Service Provider shall act in the capacity of an independent contractor and not as an officer, employee, or agent of Leon County. Neither the Service Provider nor its agents, employees, subcontractors or assignees shall represent or hold themselves out to others that it is the authority defined as Leon County, Florida, or employees or agents of the County .
- B. The Service Provider agrees to take such actions as may be necessary to ensure that each subcontractor of Service Provider will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venture or partner of Leon County.
- C. The County will not furnish services of support (e.g., office space, office supplies, telephone service, secretarial or clerical support) to the Service Provider, or its subcontractor or assignee, unless specifically agreed to by Leon County in this Agreement.
- D. All deductions for social security, withholding taxes, income taxes, contributions to unemployment compensation funds and all necessary insurance for the Service Provider, its officers, employees, agents, subcontractors, or assignees shall be the sole responsibility of the Service Provider.

XII. Publicity:

Without limitation, the Service Provider and its employees, agents, and representatives shall not, without prior approval of the County, in each instance, use in advertisement, publicity or other promotional endeavor any County mark, the name of the County, or any County officer or employee, nor represent directly or indirectly, that any products or services provided by the Service Provider have

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been approved or endorsed by Leon County or refer to the existence of this Agreement in press releases, advertising or materials distributed by the Service Providers to its respective customers.

XIII. Use of Funds for Lobbying Prohibited:

The Service Provider agrees not to utilize directly or indirectly, contract funds for the purpose of lobbying the Leon County Board of County Commissioners, the Legislature, the Judicial Branch, or a State Agency of the State of Florida.

XIV. Public Entity Crime:

Pursuant to Section 287.133, Florida Statutes, the following restrictions are placed on the ability of persons convicted of a public entity crime to transact business with Leon County: when a person or affiliate has been placed on the convicted vendor list following a conviction for public entity crime, he/she may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or the repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, Florida Statutes, for Category two, for a period of 36 months from the date of being placed on the convicted vendor list.

XV. The County agrees:

To pay the Service Provider a sum not to exceed \$125,000, upon satisfactory completion of the services to be provided under this Agreement. County hereby agrees that the fees of Service Provider may include its costs and expenses related to services provided by William Graham and Carr Allison pursuant to Section IX(C). Payments shall be made monthly upon an appropriate invoice, approved in advance by the County. Invoices shall include, but not be limited to, the specific amount of time, in 1/10 hour increments, spent on the services to be provided, and the fee charged relative thereto. Invoices shall be identified with sufficient specificity to identify the work provided in relation to the fee being invoiced, including cost expenditures, including but not limited to: filing fees for organizational certificates; SEC and Blue Sky filing fees; travel to Leon County to present findings to Board; copying, faxes, telephone and search fees. Invoices shall be submitted to the office of the Assistant County Administrator at Leon County Courthouse, 301 South Monroe Street, Tallahassee, FL 32301.

XVI. Funds Contingency:

This Agreement is specifically contingent upon the appropriation of sufficient funds by the Board of County Commissioners of Leon County, for the purposes

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herein stated. The County hereby represents that sufficient funds have presently been appropriated for the purposes herein stated.

XVII. The Service Provider and the County mutually agree:

- A. **Effective and ending dates:** This Agreement shall commence on August 17, 2006, or on the date on which the Agreement has been signed by the last party required to execute same, whichever is later. This Agreement shall end at midnight, local time in Tallahassee, Florida, eighteen (18) months from the effective date.
- B. **Termination:** This Agreement may be terminated by Leon County without cause upon no less than 30 calendar days notice in writing to the other party, unless a sooner time is mutually agreed upon in writing by the Parties. Said notice shall be delivered by United States Postal Service or any expedited delivery service that provides verification of delivery, or by hand delivery to the County Administrator or representative of the Service Provider.
- C. In the event that funds for payment pursuant to this Agreement become unavailable or inadequate, the County may terminate this Agreement upon not less than 24 hours notice in writing to the Service Provider. Said notice shall be sent by United States Postal Service or any expedited delivery service that provides verification of delivery. The County shall be the final authority as to the availability and/or adequacy of funds. In the event of termination of this Agreement, the Service Provider will be compensated only for any work performed under this Agreement which has been satisfactorily completed.
- D. This Agreement may be terminated as a result of either Party's non-performance and/or breach of this Agreement upon not less than 24 hours written notice to the non-terminating Party. Failure to object to a breach of any provisions of this Agreement shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms and conditions of this Agreement. The provisions herein do not limit either Party's right to any other available remedies at law or in equity.
- E. Failure to have performed any contractual obligations in the Agreement in a manner satisfactory to the County shall be deemed sufficient cause for termination.

XVIII. Revisions:

In any case where, in fulfilling the requirements of this Agreement or of any guarantee, embraced or required hereby, it is deemed necessary for the Service

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Provider to deviate from the requirements of this Agreement, the Service Provider shall obtain the prior written consent of the County.

XIX. All Terms and Conditions Included:

This Agreement and its attachments, if any, and any exhibits referenced in said attachments, together with any documents incorporated by reference, contain all the terms and conditions agreed upon by the parties. There are no provisions, terms, conditions or obligations other than those contained herein, and this Agreement shall supersede all previous communications, representations, or Agreements, either verbal or written between the parties.

By signing this 9 page Agreement, the Parties agree that they have read and agree to the entire Agreement.

IN WITNESS THEREOF, the parties hereto have caused this 9 page Agreement to be executed this 17 day of Aug, 2006, by their undersigned officials as duly authorized.

LEON COUNTY, FLORIDA

BY: Bill Proctor

Bill Proctor, Chairman
Board of County Commissioners

SERVICE PROVIDER:

Klehr, Harrison, Harvey, Branzburg & Ellers LLP

Name: [Signature]

Its: Partner

ATTEST:

Bob Inzer, Clerk of the Court
Leon County, Florida



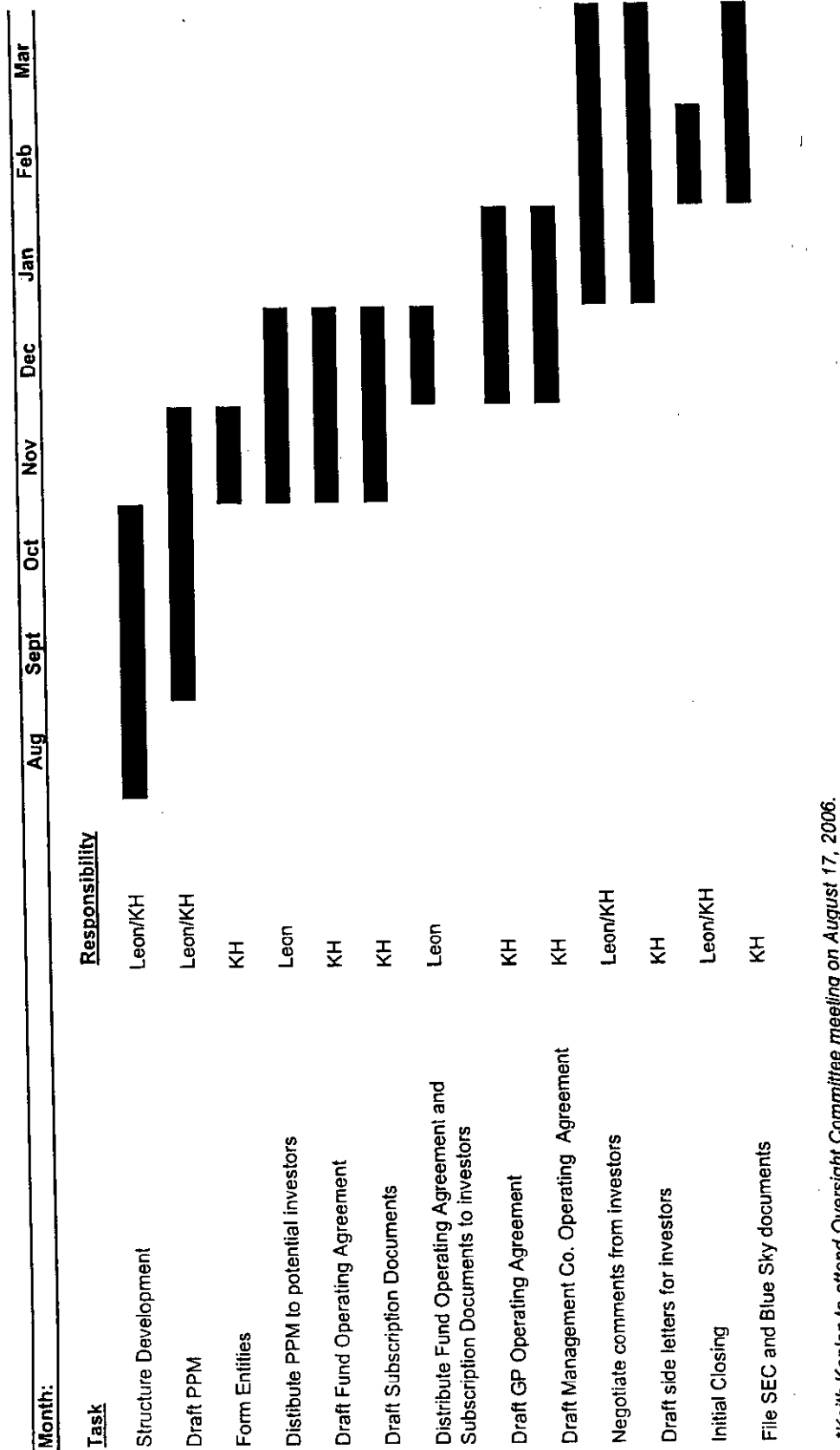
BY: [Signature]

Approved as to Form:
Leon County Attorney's Office

BY: [Signature]

Herbert W.A. Thiele, Esq.
County Attorney

PROJECT SCHEDULE
LEON COUNTY BUSINESS ACCELERATOR FUND



*Keith Kaplan to attend Oversight Committee meeting on August 17, 2006.

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Christopher Campbell

**Experienced in Technology, Sports
Marketing/Sales, Leadership, Change,
Teamwork and Motivation**

Christopher is a leader who brings years of hands on experiences Corporate Development, Marketing/Sales, Change and Leadership. As A

former executive with AT&T/Bellsouth, Corning Glass, International, Ingersoll-Rand and Deltacom he developed an impressive record of success in galvanizing diverse working groups into successful teams. Many of his views on change and leadership have been influenced greatly by his experience with the demands of today's intensely competitive, technology-reliant global marketplace.

Christopher has managed diverse portfolios in a variety of industries and achieved an above average growth and a competitive rate of return. Under his leadership and effective relationship management style he utilizes his understanding of and strong deal-flow network in technology, in manufacturing and in high value-added service businesses. His constant commitment to the core mission, team productivity, and profit centers has resulted in successful organizations with focus on long-term value and profitability.

"In any enterprise, leaders should inspire members of the team with a passion for success," Christopher says, "but within the framework of team effort. One of the most crucial things to realize, feel and remember is that when one team member succeeds, the entire team succeeds."

His demonstrated commitment to the social well being of his community affords him the understanding of the critical need for investing in congruence with geographic and community plans while meet the requirements of both private and public stakeholders. Such focus drives the economic future of the organization, their investments and ultimately their success.

Christopher is an innovator whose create visionary has ripple effects in every organization he is involved with. Christopher's experience, expertise, and ability to think out of the box makes him equally popular with a diverse group of executives seeking to learn how to compete in the Information Age and/or how to build the value of their customer base. His focus on the end game drives him to cascade the changes needed in an organization to realize a higher return on the investment companies make in their customers.

His comprehensive knowledge of global events and emerging trends along with their relationship to an organization, plus his incredible energy, have been incorporated into his every endeavor. He holds a BS in Business Administration from the University of North Carolina at Chapel Hill, and an MBA from Florida State University.

Christopher was born in London, England, raised in the West Indies, and returned to England to attend Millfield School. When he was in his teens, his family moved to America. They landed in Wilson, North Carolina, and entered high school on the first day of integration. He says now, that this was the best thing that ever happened to him, but at the time he had, to put it mildly, a huge case of culture shock.

Christopher's great compassion for people and their potential came about by observing the struggle of individuals the world over. Affected at a very early age by being sent back to England to boarding school, Christopher learned first-hand the importance of self-reliance, the ability to adapt and a commitment to success against any odds.

Christopher's love of sports has influenced his entire marketing career – but his understanding of marketing, and the technologies that drive it, has made him much more than a sports promoter. In 1994, before most people even understood what the World Wide Web was, Christopher created the first Olympic Home Page, specifically designed for the British Olympic Team. That same year he founded the Biletnikoff Award, which is presented annually to the Nation's best college receiver. When, 11 months and 8 days after conceiving the award, he presented the first Biletnikoff Trophy, to Bobby Engram *Penn State University*, Christopher did it live on ESPN.

From 92 – 96, as Chairman of the British Olympic Team Local Organizing Committee, he convinced 21 teams of the British Olympic Association Delegation to train in Tallahassee for the 1996 Centennial Olympic Games in Atlanta. HRH the Princess Royal, British Olympic Association President and IOC Member, visited Tallahassee as a tribute to the success of the program. Further he coordinated the development of the training camp for the British Paralympics team's training camp in Pensacola, Florida for the 1996 Centennial Paralympics Games in Atlanta.

During this time Christopher also managed the sponsorship and marketing for the Precision Racing NASCAR (Nextel) Winston Cup Team Car #1. He is the founder of the Tallahassee Quarterback Club Foundation, which sponsors the Biletnikoff Award and also awards college scholarships to local deserving athletes every year. He's **President of the Board of Visitors** for the MBA program at FSU. There he has for the past decade coached the MBAs to "Define Your Values and Make Them Marketable" then **Sell Something Unique, YOU!**

Christopher is dedicated to enhancing an understanding of the future and the influences, which will affect personal, professional, organizational, and community settings. Leaders seek his advice and counsel regularly in business, government, and the non-profit sector. He is well equipped to manage a financial institution that invests in start up businesses that will drive the economic future of the geographic and other requirements of limited partners and private and public sources of funds. But more importantly he will effectively oversee operational assistance to portfolio companies so as to yield the financial returns to ensure the success of the fund.

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BAOC Subgroup Recommendations to the BAOB

On July 6, 2006, a subgroup of the Business Accelerator Oversight Committee (BAOC) held a meeting to discuss pertinent issues concerning the development of the Fund group. The subgroup including Rick Kearney, Rob Nixon, Bryan Desloge, and Dr. Jerry Osteryoung was charged with providing recommendations to the BAOB to continue the development of the Fund. During their meeting, the subgroup reviewed materials prepared by staff and made a series of recommendations for consideration by the BAOB, as follows:

Governance/Administrative Issues:

- Manager-led fund group would be the ideal administrative structure.
- A member of the community should be hired to manage the Fund, if possible.
- Membership of the group should be comprised of "accredited investors".
- Membership should be capped once Fund target is met.
- Defer to legal counsel for organizational structure of the Fund.
- Fund members would be both passive and active, to include a Board of Directors.
- The Board of Directors would be required to hold quarterly meetings and participate in various functions to ensure the success of the fund group (ex. Mentoring, due diligence review, entrepreneurial assistance, etc.).
- An intake screening process should adopted by the Fund to provide a structure for the review of applications.
- The Board of Directors should be appointed for the Fund's first year (from BAOB?), then selected from the Fund's investor pool in subsequent years.

Fund Investment Objectives:

- The Fund should raise \$5 million but be able to begin investing once \$2 million threshold is met.
- A minimum contribution of \$10,000 should be required, with no maximum.
- There should be an investment cap of 10% of available funds into companies.
- The Fund should focus on "Targeted Industries" as identified by the state, County, and EDC.
- The Fund should focus their investments on a region extending 150 miles from Leon County
- The Tallahassee Democrat Editorial Board should be informed on the progress of the Fund's development to gain support and leverage private interest.

Legal Issues:

- Staff received Klehr Harrison's services agreement on 07/06/06 and will review it with the County Attorney's Office in order to implement (estimated 7/31/06).

Other:

- Fund Director Opportunity: members of the subgroup outreach to potential candidates to manage the Fund; to present findings at BAOB July 12 meeting.
- Potential Candidates: Preston Kirby, Neil Schneider (retired U.S. Army general), Howard Martin (former V.P. of JC Penney), Mark Scott, and Andrew Watkins.
- Dr. Osteryoung will seek potential candidates from the FSU MBA Program.

BOARD OF COUNTY COMMISSIONERS

INTER-OFFICE MEMORANDUM

To: Ben Pingree
County Administrators Office

From: Angela Soety
Legal Extern

Date: February 16, 2006

Subject: Small business accelerator program

Question Presented:

What are the legal concerns governing the use of County funding to establish an emerging small business accelerator for the purpose of encouraging local economic development?

In Sum:

Leon County may grant properly appropriated county funds to a private enterprise for the purpose of economic development.

In your initial email you stated that the County was considering the investment of appropriated county funds into a private small business "accelerator" for the purpose of stimulating local business development. In addition to local business development, the County would earn stock in the participating companies.

Section 10, Article VII, Florida Constitution, provides "neither the state nor any county, school district, municipality, special district, or agency of any of them, shall become a joint owner with, or stockholder of, or give, lend or use its taxing power or credit to aid any corporation, association, partnership or person." Const. Art VII, § 10. "The purpose of this provision was to keep the state out of private business, to insulate state funds against loans to individual corporations or associations and to withhold state's credit from entanglement in private enterprise." *Dade County, Bd. of Public Instruction v. Michigan Mut. Liability Co.*, 174 So.2d 3 (Fla. 1965). Therefore, whether the constitutional provision applies depends in part on whether there is a valid public purpose involved. Legislative declarations of public purpose are presumed to be valid. *State v. Housing Finance Authority of Polk County*, 376 So.2d 1158 (Fla. 1979). "For a county to properly budget for the expenditure of public funds (see ch. 129 F.S.), there must be some constitutional or statutory authorization; in the absence of such authorization, an expenditure cannot be made." AGO 081-13.

Section 125.045, Florida Statutes, "County economic development powers," represents the state's response to the need for private enterprise retention in Florida. The provision encourages the enhancement and expansion of economic activity in the State's counties by attracting and retaining manufacturing development, business enterprise management, and other activities conducive to economic growth. Fla. Stat. § 125.045. "[I]t is necessary and in the public interest to facilitate the growth and creation of business enterprises in the counties of the state." Fla. Stat. § 125.045(1).

Pursuant to this section, the Legislature has determined that economic development is a proper subject for the expenditure of public funds. Fla. Stat. § 125.045. The Legislature has wide discretion in the means with which to accomplish a public purpose and their determination will not be disturbed by the courts so long as that public purpose is valid. *State v. Housing Finance Authority of Polk County*, 376 So.2d 1158 (Fla. 1979).

As stated in Section 125.045(3), Florida Statutes, the governing body of a county may:

“expend public funds for economic development activities, including, but not limited to, developing or improving local infrastructure, issuing bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants, leasing or conveying real property, and making grants to private enterprises for the expansion of businesses existing in the community or the attraction of new businesses to the community.”

For the purpose of attracting and retaining business enterprises, the use of public funds toward these economic goals constitutes a public purpose. Fla. Stat. § 125.045.

While the application of public funds is not limited to the economic development activities laid out in the provision, the section does caution that the powers granted to the governing body are those “not specifically prohibited by law which can be exercised by the governing body of a county.” Fla. Stat. § 125.045(2). The statutory provision authorizes the expenditure of funds to private enterprises for the purpose of economic development; however, it does not contemplate the county becoming a joint stockholder of a private enterprise in violation of Article VII, Section 10, of the Florida Constitution.

Westlaw.

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West's F.S.A. § 125.045

WEST'S FLORIDA STATUTES ANNOTATED

TITLE XI. COUNTY ORGANIZATION AND INTERGOVERNMENTAL RELATIONS (CHAPTERS 124- 164)

CHAPTER 125. COUNTY GOVERNMENT

PART I. COUNTY COMMISSIONERS: POWERS AND DUTIES

→125.045. County economic development powers

(1) The Legislature finds and declares that this state faces increasing competition from other states and other countries for the location and retention of private enterprises within its borders. Furthermore, the Legislature finds that there is a need to enhance and expand economic activity in the counties of this state by attracting and retaining manufacturing development, business enterprise management, and other activities conducive to economic promotion, in order to provide a stronger, more balanced, and stable economy in the state; to enhance and preserve purchasing power and employment opportunities for the residents of this state; and to improve the welfare and competitive position of the state. The Legislature declares that it is necessary and in the public interest to facilitate the growth and creation of business enterprises in the counties of the state.

(2) The governing body of a county may expend public funds to attract and retain business enterprises, and the use of public funds toward the achievement of such economic development goals constitutes a public purpose. The provisions of this chapter which confer powers and duties on the governing body of a county, including any powers not specifically prohibited by law which can be exercised by the governing body of a county, must be liberally construed in order to effectively carry out the purposes of this section.

(3) For the purposes of this section, it constitutes a public purpose to expend public funds for economic development activities, including, but not limited to, developing or improving local infrastructure, issuing bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants, leasing or conveying real property, and making grants to private enterprises for the expansion of businesses existing in the community or the attraction of new businesses to the community.

Current through Chapter 362 (End) of the 2005 Special 'B' Session of the Nineteenth Legislature

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